

**United Renewable Energy Co., Ltd.
and Subsidiaries
(Formerly Neo Solar Power Corp.)**

**Consolidated Financial Statements for the
Years Ended December 31, 2018 and 2017 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2018 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

United Renewable Energy Co., Ltd.

By:



CHUM SAM HONG
Chairman

March 22, 2019

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
United Renewable Energy Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of United Renewable Energy Co., Ltd. (“the Corporation”, formerly Neo Solar Power Corp.) and its subsidiaries (collectively referred to as the “Group”) which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter section of this report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Group’s consolidated financial statements for the year ended December 31, 2018 are stated as follows:

Assessment of impairment losses on prepayments of long-term purchase contracts

To stabilize the supply of raw materials in the manufacturing process, the Group signed several long-term materials supply agreements and made certain prepayments to be deducted from actual purchases. The

assessment of impairment losses on prepayments may be influenced by any worsening of the supplier's financial position, negative variances in the solar energy industry, and declining prices of raw materials; any of these factors could result in a deceleration in the use of the prepayments. The assessment of impairment losses on prepayments by key management personnel is related to estimations of future cash flows and the identification of rates for recognizing impairment losses. Therefore, the assessment of impairment losses on prepayments was considered as a key audit matter. The accounting policies on impairment losses on prepayments can be found in Notes 4 and 5 to the accompanying consolidated financial statements. For the description of impairment losses on prepayments, refer to Notes 23 and 44 to the consolidated financial statements.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We assessed the reasonableness of the method used by key management personnel for recognizing impairment losses as well as the reasonableness of assumptions.
2. We tested the accuracy of relevant calculations of prepayment deductions and confirmed that the impairment loss was properly recognized when prepayments would not be fully applied.

Business combination

With the anticipated growth in future demand for solar energy, the bright prospect of development of the solar industry, the expansion of the solar energy business and to enhance sustainability, in 2018, the Corporation merged two companies, Gintech Energy Corporation and Solartech Energy Corporation; the Corporation is the surviving entity and renamed United Renewable Energy Co., Ltd. Such acquisition created a bargain purchase gain of NT\$2,261,090 thousand (Note 35). The related accounting policies, significant accounting estimates and basis of consideration are described in Notes 4 and 5 to the consolidated financial statements. Such transaction was a significant event and transaction in the current year. The fair value assessment of the acquisition-date assets and liabilities and the amount of the bargain purchase gain were based on the purchase price allocation report; the adopted method and assumptions involve the use of critical accounting judgements and estimations. Therefore, the aforementioned transaction was considered as a key audit matter.

Our audit procedures performed in respect of the above key audit matter included the following:

1. We reviewed minutes of meetings of the board of directors, inspected consolidated contracts and confirmed documents related to the acquisition price.
2. We inspected and tested whether the management's accounting treatment and recording of the acquisition-date amounts of assets and liabilities at fair value were in accordance with IFRS 3 Business Combinations.
3. We assessed the qualifications of the external expert commissioned for the professional conduct of the business combination and we reviewed the purchase price allocation report issued by the external expert.
4. We tested the data and evidence supporting the method used and assumptions adopted in the determination of the fair value of Gintech Energy Corporation and Solartech Energy Corporation's tangible assets and liabilities presented in the report. We recalculated the bargain purchase gain recognized in the acquisition.

Other Matter

Some subsidiaries included in the Group's consolidated financial statements were audited by other auditors. The amounts within the consolidated financial statements for those subsidiaries were based solely on the reports of other auditors. As of December 31, 2018 and 2017, total assets of the aforementioned subsidiaries were 15.98% and 26.27% of the consolidated total assets, respectively. For the years ended December 31, 2018 and 2017, the operating revenues of these subsidiaries were 10.44% and 5.63% of the consolidated total operating revenue, respectively.

The financial statements of some investee companies accounted for using the equity method were audited by other auditors. The amounts within the consolidated financial statements for those investee companies were based solely on the reports of other auditors. As of December 31, 2018 and 2017, the aforementioned investments accounted for using the equity method were NT\$114,284 thousand and NT\$32,650 thousand, respectively. For the years ended December 31, 2018 and 2017, there was a gain of NT\$7,541 thousand and a loss of NT\$(5,944) thousand, respectively, from the aforesaid investments accounted for using the equity method.

Some subsidiaries included in the Group's consolidated financial statements, which we have not audited but were audited by other auditors in accordance with different auditing standards, are based on a framework different from the accompanying consolidated financial statements. We have performed compulsory audit procedures and have made adjustments to the other financial statements for them to conform with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The consolidated financial statement amounts for the aforementioned subsidiaries were based on the reports of other auditors and the results of additional audit procedures performed in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. As of December 31, 2018 and 2017, total assets of the aforementioned subsidiaries were 4.00% and 5.60% of the consolidated total assets, respectively. For the years ended December 31, 2018 and 2017, the operating revenue of these subsidiaries was 3.35% and 0.38% of the consolidated total operating revenue, respectively.

The financial statements of some investee companies accounted for using the equity method, which we have not audited but were audited by other auditors in accordance with different auditing standards, are based on a framework different from the accompanying consolidated financial statements. We have performed compulsory audit procedures and have made adjustments to the other financial statements for them to conform with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The consolidated financial statement amounts for the aforementioned investee companies were based on the reports of other auditors and the results of additional audit procedures performed in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. As of December 31, 2017, the aforesaid investments accounted for using the equity method were NT\$3,590 thousand. For the year ended December 31, 2017, the Groups share of the losses aforesaid investments accounted for using the equity method amounted to NT\$(28,413) thousand.

The financial statements of some investee companies accounted for using the equity method as of and for the year ended December 31, 2017, which were based on a framework different from the accompanying consolidated financial statements and which we have not audited, were audited by other auditors. We have performed compulsory audit procedures and have made adjustments to the other financial statements for them to conform with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The consolidated financial statement amounts for the aforementioned investee companies were based on the reports of other auditors. As of December 31, 2017, the aforesaid investments accounted for using the equity method were NT\$81,718 thousand. For the year ended December 31, 2017, the Group's share of the losses of the aforesaid investments accounted for using the equity method were NT\$(18,562) thousand.

We have also audited the parent company only financial statements of United Renewable Energy Co., Ltd. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unqualified opinion with other matters paragraphs.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial

Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 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 Yi-Hsin Kao and Yu-Feng Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 22, 2019

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017		LIABILITIES AND EQUITY	2018		2017	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4, 6, 35, 36, 37 and 41)	\$ 9,555,845	16	\$ 4,430,627	13	Short-term bank loans (Notes 24, 41 and 43)	\$ 6,869,628	12	\$ 8,229,315	24
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 41)	-	-	106	-	Short-term bills payable (Notes 24 and 41)	276,436	-	606,396	2
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, 41 and 43)	133,333	-	-	-	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 41)	-	-	5,742	-
Contract assets - current (Notes 3, 4 and 41)	96,617	-	-	-	Contract liabilities - current (Notes 3, 4 and 42)	345,252	1	-	-
Notes and accounts receivable, net (Notes 4, 5, 13 and 41)	2,506,228	4	1,300,076	4	Notes and accounts payable (Note 40)	2,048,266	3	1,104,640	3
Accounts receivable from related parties (Notes 4, 5, 13, 41 and 42)	532,466	1	170,506	-	Accounts payable to related parties (Notes 41 and 42)	441	-	12,820	-
Finance lease receivables (Notes 4, 5, 14, 41 and 43)	273,941	1	195,295	1	Amount due to customers for construction contracts (Notes 4, 15, 41 and 42)	-	-	71,963	-
Amount due from customers for construction contracts (Notes 4, 15, 41 and 42)	-	-	64,295	-	Bonuses payable to employees and directors (Note 31)	2,649	-	8,242	-
Other receivables (Notes 4, 41 and 42)	217,816	-	99,626	-	Payables to contractors and equipment suppliers (Notes 40 and 42)	402,074	1	507,879	2
Other receivables from related parties (Notes 4, 41 and 42)	1,083,053	2	1,765,926	5	Accrued expenses (Notes 4, 26, 41 and 42)	2,093,109	4	2,536,941	8
Current tax assets (Notes 4 and 32)	76,327	-	8,557	-	Current tax liabilities (Notes 4 and 32)	1,910	-	19,462	-
Inventories (Notes 4, 5, 16 and 43)	3,385,486	6	2,972,591	9	Provisions - current (Notes 4 and 27)	-	-	1,609	-
Prepayments (Notes 5, 22, 23, 42 and 44)	638,326	1	205,275	1	Receipts in advance (Note 42)	478	-	374,623	1
Non-current assets held for sale (Notes 4, 17, 20 and 43)	-	-	280,778	1	Current portion of long-term bank loans, preference share liabilities and bonds payable (Notes 24, 25, 41 and 43)	9,906,475	17	3,101,105	9
Other current assets (Notes 23, 41 and 43)	4,981,243	9	1,079,956	3	Other current liabilities (Notes 4 and 26)	131,650	-	98,835	-
Total current assets	23,480,681	40	12,573,614	37	Total current liabilities	22,078,368	38	16,679,572	49
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 41)	243,130	1	141,514	-	Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 41)	191,790	-	94,014	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 41 and 43)	1,595,898	3	-	-	Bonds payable (Notes 25, 41 and 43)	-	-	3,425,011	10
Available-for-sale financial assets - non-current (Notes 4, 10 and 41)	-	-	109,065	-	Long-term bank loans (Notes 24, 41 and 43)	9,528,510	16	2,158,036	6
Financial assets at amortized cost - non-current (Notes 4, 9 and 41)	153,700	-	-	-	Provisions - non-current (Notes 4 and 27)	305,138	1	246,033	1
Financial assets carried at cost - non-current (Notes 4, 11 and 41)	-	-	54,546	-	Deferred tax liabilities (Notes 4 and 32)	63,727	-	53,125	-
Debt investments with no active market - non-current (Notes 4, 12, 41 and 42)	-	-	149,240	-	Guarantee deposits	38,795	-	36,595	-
Investments accounted for using the equity method (Notes 4, 19 and 43)	2,381,220	4	1,887,773	6	Preference share liabilities (Notes 4, 24 and 41)	44,483	-	26,419	-
Property, plant and equipment (Notes 4, 5, 17, 20, 42 and 43)	20,056,530	35	11,162,899	33	Other non-current liabilities (Note 26)	230,465	1	189,330	1
Intangible assets (Notes 4, 5, 21 and 35)	202,962	-	261,350	1	Total non-current liabilities	10,402,908	18	6,228,563	18
Deferred tax assets (Notes 4, 5 and 32)	1,076,369	2	90,529	-	Total liabilities	32,481,276	56	22,908,135	67
Finance lease receivables - non-current (Notes 4, 5, 14, 20, 41 and 43)	5,352,933	9	3,798,494	11	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Prepayments - non-current (Notes 5, 22, 23 and 44)	2,507,436	4	1,010,072	3	(Notes 29, 35 and 37)				
Refundable deposits (Notes 4, 41 and 43)	1,004,824	2	852,023	2	Common shares	25,157,599	43	10,192,564	30
Other receivables from related parties - non-current (Notes 4, 13, 41 and 43)	11,681	-	194,664	1	Capital surplus	1,011,023	2	6,028,165	18
Prepayments for leases (Notes 4 and 22)	19,469	-	19,700	-	Retained earnings				
Other non-current assets (Notes 23 and 43)	199,454	-	1,940,462	6	Accumulated deficit	(369,468)	(1)	(4,611,501)	(14)
Total non-current assets	34,805,606	60	21,672,331	63	Other equity	(873,443)	(1)	(529,826)	(2)
					Treasury shares	(18,699)	-	-	-
TOTAL	\$ 58,286,287	100	\$ 34,245,945	100	Total equity attributable to shareholders of the parent	24,907,012	43	11,079,402	32
					NON-CONTROLLING INTERESTS (Notes 18 and 38)	897,999	1	258,408	1
					Total equity	25,805,011	44	11,337,810	33
					TOTAL	\$ 58,286,287	100	\$ 34,245,945	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2019)

**UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Loss Per Share)**

	2018		2017	
	Amount	%	Amount	%
NET SALES (Notes 4, 30, 41 and 43)	\$ 12,983,920	100	\$ 10,247,887	100
COST OF SALES (Notes 4, 16, 31 and 41)	<u>13,722,481</u>	<u>106</u>	<u>12,204,604</u>	<u>119</u>
GROSS LOSS	(738,561)	(6)	(1,956,717)	(19)
REALIZED (UNREALIZED) GAINS FROM SALES	<u>8,310</u>	<u>-</u>	<u>(26,678)</u>	<u>-</u>
REALIZED GROSS LOSS	<u>(730,251)</u>	<u>(6)</u>	<u>(1,983,395)</u>	<u>(19)</u>
OPERATING EXPENSES (Notes 31 and 42)				
Selling	662,207	5	761,073	7
General and administrative	810,900	6	723,884	7
Research and development	211,737	2	266,224	3
Expected credit loss on trade receivables	<u>34,003</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,718,847</u>	<u>13</u>	<u>1,751,181</u>	<u>17</u>
OTHER INCOME AND EXPENSES (Notes 17, 20 and 31)	<u>(260,378)</u>	<u>(2)</u>	<u>(158,372)</u>	<u>(2)</u>
LOSS FROM OPERATIONS	<u>(2,709,476)</u>	<u>(21)</u>	<u>(3,892,948)</u>	<u>(38)</u>
NON-OPERATING INCOME AND EXPENSES				
Gain from bargain purchase	2,261,090	17	-	-
Gain on disposal of investments	254,886	2	344,039	3
Reversal of contract compensation interest (Notes 44)	239,274	2	-	-
Interest income (Notes 31 and 42)	104,773	1	162,255	1
Other income (Notes 31 and 42)	97,386	1	85,329	1
Gain (loss) on financial instruments at fair value through profit or loss (Notes 4 and 7)	62,391	-	(179,008)	(2)
Gain on disposal of power facility business (Note 19)	18,305	-	-	-
Gain on disposal of power facilities business held for sale (Note 17)	6,387	-	-	-
Dividends income (Note 42)	3,680	-	4,415	-
Share of profit of associates and joint ventures (Notes 4 and 19)	(7,642)	-	1,488	-
Expect credit loss on trade receivables (Notes 4 and 13)	(8,400)	-	-	-
Foreign exchange (loss) gain, net (Note 31)	(61,243)	(1)	73,979	1
Finance costs (Notes 24 and 31)	(653,408)	(5)	(726,152)	(7)
Other gains and losses	<u>(48,306)</u>	<u>-</u>	<u>(4,123)</u>	<u>-</u>
Total non-operating income and expenses	<u>2,269,173</u>	<u>17</u>	<u>(237,778)</u>	<u>(3)</u>

(Continued)

**UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Loss Per Share)**

	2018		2017	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX	\$ (440,303)	(4)	\$ (4,130,726)	(41)
INCOME TAX EXPENSE (Notes 4 and 32)	<u>(23,306)</u>	-	<u>(29,263)</u>	-
NET LOSS FOR THE YEAR	<u>(463,609)</u>	<u>(4)</u>	<u>(4,159,989)</u>	<u>(41)</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Note 31)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	(397,006)	(3)	-	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	124,877	1	(344,571)	(3)
Unrealized losses on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>(18,623)</u>	<u>-</u>
Total other comprehensive loss	<u>(272,129)</u>	<u>(2)</u>	<u>(363,194)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (735,738)</u>	<u>(6)</u>	<u>\$ (4,523,183)</u>	<u>(44)</u>
NET LOSS ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (468,294)	(4)	\$ (4,154,163)	(41)
Non-controlling interests	<u>4,685</u>	<u>-</u>	<u>(5,826)</u>	<u>-</u>
	<u>\$ (463,609)</u>	<u>(4)</u>	<u>\$ (4,159,989)</u>	<u>(41)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (756,354)	(6)	\$ (4,479,244)	(44)
Non-controlling interests	<u>20,616</u>	<u>-</u>	<u>(43,939)</u>	<u>-</u>
	<u>\$ (735,738)</u>	<u>(6)</u>	<u>\$ (4,523,183)</u>	<u>(44)</u>
LOSS PER SHARE (Note 33)				
Basic loss per share	<u>\$ (0.34)</u>		<u>\$ (4.08)</u>	
Diluted loss per share	<u>\$ (0.34)</u>		<u>\$ (4.08)</u>	

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2019)

(Concluded)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent																	
	Capital Surplus			Changes in Capital Surplus from Investments in Associates and Joint Ventures Accounted for Using the Equity Method	Difference between Consideration and Carrying Amounts Adjusted Arising from Changes in Percentage of Ownership in Subsidiaries	Employee Share Options	Restricted Shares for Employees	Retained Earnings Accumulated Deficits	Foreign Currency Translation Reserve	Other Equity					Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Common Shares	Share Premium							Unrealized Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized (Losses) Gains on Available-for-sale Financial Assets	Unearned Employees Benefits						
BALANCE AT JANUARY 1, 2017	1,017,615	\$ 10,176,152	\$ 12,209,652	\$ -	\$ 14,023	\$ 3,022	\$ 118,649	\$ (6,309,786)	\$ (90,836)	\$ -	\$ (53,259)	\$ (4,666)	\$ -	\$ 16,062,951	\$ 616,631	\$ 16,679,582		
Offset of deficit against capital surplus	-	-	(6,309,786)	-	-	-	-	6,309,786	-	-	-	-	-	-	-	-		
Reclassification of issuance of share premium	-	-	120,462	-	-	(3,022)	(117,440)	-	-	-	-	-	-	-	-	-		
Cancellation of restricted shares for employees	(214)	(2,138)	-	-	-	-	(1,627)	-	-	-	-	3,765	-	-	-	-		
Issued restricted shares for employees	1,855	18,550	-	-	-	-	8,255	-	-	-	-	(26,805)	-	-	-	-		
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	-	-	7,668	-	7,668	-	7,668		
Compensation costs of employee share options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46	46		
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33,019)	(33,019)		
Actual disposals or acquisitions of interests in subsidiaries	-	-	-	-	(14,023)	-	-	(445,947)	(40,612)	-	-	-	-	(500,582)	(454,228)	(954,810)		
Effect of reorganization	-	-	-	-	-	-	-	(11,391)	-	-	-	-	-	(11,391)	11,391	-		
Acquired non-controlling interest fair value adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,267)	(14,267)		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,793	175,793		
Net loss for the year ended December 31, 2017	-	-	-	-	-	-	-	(4,154,163)	-	-	-	-	-	(4,154,163)	(5,826)	(4,159,989)		
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	-	-	(306,458)	-	(18,623)	-	-	(325,081)	(38,113)	(363,194)		
Total comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	-	-	(4,154,163)	(306,458)	-	(18,623)	-	-	(4,479,244)	(43,939)	(4,523,183)		
BALANCE AT DECEMBER 31, 2017	1,019,256	10,192,564	6,020,328	-	-	-	7,837	(4,611,501)	(437,906)	-	(71,882)	(20,038)	-	11,079,402	258,408	11,337,810		
Effect of retrospective application	-	-	-	-	-	-	-	98,826	-	(130,891)	71,882	-	-	39,817	-	39,817		
BALANCE AT JANUARY 1, 2018	1,019,256	10,192,564	6,020,328	-	-	-	7,837	(4,512,675)	(437,906)	(130,891)	-	(20,038)	-	11,119,219	258,408	11,377,627		
Share of changes in capital surplus of associates or joint ventures	-	-	-	42,000	-	-	-	-	-	-	-	-	-	42,000	-	42,000		
Offset of deficit against capital surplus	-	-	(4,611,501)	-	-	-	-	4,611,501	-	-	-	-	-	-	-	-		
Issuance of ordinary shares for cash	334,292	3,342,917	(561,610)	-	-	-	-	-	-	-	-	-	-	2,781,307	-	2,781,307		
Issuance of shares in business combination	1,157,899	11,578,990	115,790	-	-	-	-	-	-	-	-	-	-	11,694,780	27,393	11,722,173		
Treasury shares owned by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(18,699)	(18,699)	-	(18,699)		
Issued restricted shares for employees	6,121	61,211	-	-	-	-	(17,628)	-	-	-	-	(15,316)	-	28,267	-	28,267		
Cancellation of restricted shares for employees	(1,809)	(18,083)	-	-	-	-	15,807	-	-	-	-	2,276	-	-	-	-		
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	-	-	16,492	-	16,492	-	16,492		
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	591,582	591,582		
Net loss for the year ended December 31, 2018	-	-	-	-	-	-	-	(468,294)	-	-	-	-	-	(468,294)	4,685	(463,609)		
Other comprehensive loss for the year ended December 31, 2018, net of income tax	-	-	-	-	-	-	-	-	108,946	(397,006)	-	-	-	(288,060)	15,931	(272,129)		
Total comprehensive loss for the year ended December 31, 2018	-	-	-	-	-	-	-	(468,294)	108,946	(397,006)	-	-	-	(756,354)	20,616	(735,738)		
BALANCE AT DECEMBER 31, 2018	2,515,759	\$ 25,157,599	\$ 963,007	\$ 42,000	\$ -	\$ -	\$ 6,016	\$ (369,468)	\$ (328,960)	\$ (527,897)	\$ -	\$ (16,586)	\$ (18,699)	\$ 24,907,012	\$ 897,999	\$ 25,805,011		

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2019).

**UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (440,303)	\$ (4,130,726)
Adjustments for:		
Depreciation	2,031,556	1,722,433
Amortization	16,678	15,958
Expected credit loss	42,403	-
Impairment loss recognized on accounts receivable	-	78,222
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(9,476)	11,530
Share of loss (gain) of associates and joint ventures	7,642	(1,488)
Loss on disposal of property, plant and equipment	26	116,086
Reclassifications from property, plant and equipment to expenses	255,846	7,313
Impairment loss on property, plant and equipment	257,949	43,669
Loss (gain) on disposal of non-current assets held for sale	2,403	(1,383)
Gain on disposal of power facilities business held for sale	(6,387)	-
Gain on disposal of power facilities business	(18,305)	-
Gain on disposal of investments	(254,886)	(326,766)
Reversal of inventories	(19,129)	(272,126)
(Reversal) impairment loss on prepayments	(78,924)	487,558
Recognized loss on purchase contracts	398,581	575,580
Net loss (gain) on foreign exchange	81,204	(241,620)
Gain from bargain purchase	(2,261,090)	-
Reversal of provisions	-	(4,249)
Compensation costs of restricted shares for employees	16,492	7,668
Compensation costs of employee share options	-	46
Interest income	(491,666)	(401,454)
Dividends income	(3,680)	(4,415)
Finance costs	653,408	726,152
Reversal of contracts compensation interest	(239,274)	-
(Realized) unrealized gain from associates	(8,310)	26,678
	<u>373,061</u>	<u>2,565,392</u>
Changes in operating assets and liabilities		
Contract assets - current	(32,322)	-
Notes and accounts receivable	462,375	1,096,040
Accounts receivable from related parties	(354,018)	(79,326)
Other receivables	669,021	1,364,171
Other receivables from related parties	(761,361)	(407,038)
Amount due from customers for construction contracts	-	(64,295)
Inventory	423,517	253,424
Prepayments (including non-current)	89,088	162,336
Other current assets	(364,975)	(88,016)
Contract liabilities - current	36,737	-
Notes and accounts payable	(435,272)	(1,217)
Accounts payable to related parties	149,673	(11,489)
Amount due to customers for construction contracts	-	71,963
Bonuses payable to employees and directors	(5,593)	5,593
Accrued expenses	(471,796)	(559,485)
Receipts in advance	(390,645)	285,835
Deferred revenue	42,948	(33,613)
Other current liabilities	81,995	5,335
Provisions	59,179	40,062
Income taxes paid	<u>(112,593)</u>	<u>(41,021)</u>
Net cash (used in) generated from operating activities	<u>(981,284)</u>	<u>433,925</u>

(Continued)

**UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of debt investments with no active market	\$ -	\$ 146,453
Proceeds from sale of power facilities business	127,645	-
Proceeds from sale of power facilities business held for sale	159,998	-
Acquisition of associates and joint ventures	(441)	(15,800)
Net cash inflow on disposal of associates and joint ventures	-	40,682
Net cash outflow on acquisition of subsidiaries	-	(143,481)
Net cash inflow on disposal of subsidiaries	1,258,722	432,697
Proceeds from sale of non-current assets held for sale	135,189	1,209,182
Acquisition of property, plant and equipment	(2,548,523)	(4,162,284)
Proceeds from disposal of property, plant and equipment	26	1,741
Decrease (increase) in other receivables from related parties - non-current	182,983	(80,826)
Financing provided to related parties	-	(1,282,890)
Repayments by related parties	1,263,183	916,350
Acquisition of intangible assets	(3,739)	-
New cash flow due to consolidation	5,397,530	-
Increase in restricted assets	(1,059,757)	(1,528,825)
Increase in pledged time deposits	(299,866)	(166,856)
Decrease in finance lease receivables	431,789	91,296
Interest received	607,450	298,514
Dividends received	3,680	4,415
Increase in refundable deposits	(309,197)	(645,599)
Decrease in refundable deposits	188,607	222,418
Increase in other non-current assets	(17,881)	(22,125)
Decrease in other non-current assets	<u>6,927</u>	<u>3,343</u>
Net cash generated from (used in) investing activities	<u>5,524,325</u>	<u>(4,681,595)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	17,688,129	28,161,918
Decrease in short-term bank loans	(21,008,981)	(27,300,484)
Increase in short-term bills payable	2,742,294	705,400
Decrease in short-term bills payable	(3,076,005)	(348,300)
Proceeds from long-term bank loans	5,948,438	4,625,026
Repayments of long-term bank loans	(4,599,633)	(3,510,782)
Proceeds from issue of preference share liabilities	33,756	34,948
Repayments of preference share liabilities	(7,015)	(470,000)
Increase in guarantee deposits	7	73
Decrease in guarantee deposits	(379)	(91)
Proceeds from issuance of common shares for cash	2,781,307	-
Interest paid	(551,314)	(360,764)
Increase (decrease) in non-controlling interests	<u>591,582</u>	<u>(779,017)</u>
Net cash generated from financing activities	<u>542,186</u>	<u>757,927</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>39,991</u>	<u>(86,766)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,125,218	(3,576,509)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>4,430,627</u>	<u>8,007,136</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 9,555,845</u>	<u>\$ 4,430,627</u>

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche auditors' report dated March 22, 2019)

(Concluded)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES (FORMERLY NEO SOLAR POWER CORP.)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATION

United Renewable Energy Co., Ltd. (formerly Neo Solar Power Corp.) (the Corporation) was incorporated in the Republic of China on August 26, 2005. The Corporation specializes in manufacturing high-quality solar cells, solar cell modules and wafers. The Corporation's main business activities include researching, developing, designing, manufacturing and selling solar cells as well as participating in other solar-related businesses. Its ordinary shares have been listed on the Taiwan Stock Exchange (TSE) since January 2009. On October 1, 2018, the Corporation merged the former Gintech Energy Corporation (Gintech Energy) and Solartech Energy Corporation (Solartech Energy) with the Corporation as the surviving company. For the main business activities of the Corporation and its subsidiaries (collectively referred to as "the Group"), refer to Notes 18 and 46.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by Group's board of directors on March 22, 2019.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China (FSC)

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

- 1) IFRS 9 "Financial Instruments" and related amendments

IFRS 9 supersedes IAS 39 "Financial Instruments: Recognition and Measurement", with consequential amendments to IFRS 7 "Financial Instruments: Disclosures" and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amounts under IAS 39 and the new measurement categories and carrying amounts under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018.

	Measurement Category		Carrying Amount		Note		
	IAS 39	IFRS 9	IAS 39	IFRS 9			
<u>Financial asset classification</u>							
Cash and cash equivalents, notes and accounts receivable, accounts receivable from related parties, pledged time deposits, restricted assets, refundable deposits and other receivables	Loans and receivables	Amortized cost	\$ 11,549,608	\$ 11,549,608	(1)		
Equity securities	Available for sale	FVTOCI	163,611	203,428	(2)		
Derivatives	Held for trading	Mandatorily at FVTPL	141,620	141,620			
Debt investments	Amortized cost	Amortized cost	149,240	149,240			
<u>Financial liabilities classification</u>							
Short-term loans, short-term bills payable, notes and accounts payable, accounts payable to related parties, payables to contractors and equipment suppliers, accrued expenses, long-term loans and bonds payable	Amortized cost	Amortized cost	20,581,872	20,581,872			
Derivatives	Held for trading	Held for trading	99,756	99,756			
	Carrying Amount as of December 31, 2017 (IAS 39)	Reclassifications	Remeasurements	Carrying Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Note
Financial Assets							
FVTOCI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
- Equity instruments	-	163,611	39,817	203,428	98,826	(59,009)	(2)
Add: Reclassification from available-for-sale	-	163,611	39,817	203,428	98,826	(59,009)	
Amortized cost	-	-	-	-	-	-	
Add: Reclassification from loans and receivables	-	11,549,608	-	11,549,608	-	-	(1)
	-	11,549,608	-	11,549,608	-	-	
Total	\$ -	\$ 11,713,219	\$ 39,817	\$ 11,753,036	\$ 98,826	\$ (59,009)	

(1) Cash and cash equivalents, notes and accounts receivable, accounts receivable from related parties, pledged time deposits, restricted assets, refundable deposits and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost with assessment of future 12-month or lifetime expected credit losses under IFRS 9.

(2) As equity investments that were previously classified as available-for-sale financial assets under IAS 39 are not held for trading, the Group elected to designate all of these investments as at FVTOCI under IFRS 9. As a result, the related other equity-unrealized gain/loss on available-for-sale financial assets in the amount of \$71,882 thousand would result in an increase in other equity - unrealized gain/loss on financial assets at FVTOCI.

As equity investments previously measured at cost under IAS 39 are remeasured at fair value under IFRS 9, the adjustments would result in an increase in financial assets at FVTOCI of \$39,817 thousand, an increase in other equity - unrealized gain/loss on financial assets at FVTOCI of \$18,567 thousand and an increase in retained earnings of \$21,250 thousand on January 1, 2018.

For those equity investments previously classified as available-for-sale financial assets (including measured at cost financial assets) under IAS 39, the impairment losses that the Group had recognized have been accumulated in retained earnings. Since these investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, the adjustments would result in a decrease in other equity - unrealized gain/loss on financial assets at FVTOCI of \$149,458 thousand and an increase in retained earnings of \$77,576 thousand on January 1, 2018.

2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Refer to Note 4 for the related accounting policies.

The Group elects to retrospectively apply IFRS 15 to contracts that are not complete on January 1, 2018 and elects not to restate prior reporting periods with the cumulative effect of the initial application recognized at the date of initial application.

The anticipated impact on assets, liabilities and equity when retrospectively applying IFRS 15 on January 1, 2018 is detailed below:

	Carrying Amount as of December 31, 2017 (IAS 18 and Revenue-related Interpretations)	Adjustments Arising from Initial Application	Carrying Amount as of January 1, 2018 (IFRS 15)	Note
Amounts due from customers for construction contracts	\$ 64,295	\$ (64,295)	\$ -	(2)
Contract assets - current	<u>-</u>	<u>64,295</u>	<u>64,295</u>	(2)
Total effect on assets	<u>\$ 64,295</u>	<u>\$ -</u>	<u>\$ 64,295</u>	
Provisions - current	\$ 1,609	\$ (1,609)	\$ -	(1)
Amounts due to customers for construction contracts	71,963	(71,963)	-	(2)
Receipts in advance	374,623	(236,552)	138,071	(2)
Contract liabilities - current	-	308,515	308,515	(2)
Other current liabilities	<u>98,835</u>	<u>1,609</u>	<u>100,444</u>	(1)
Total effect on liabilities	<u>\$ 547,030</u>	<u>\$ -</u>	<u>\$ 547,030</u>	

(1) Prior to the application of IFRS 15, the Group recognized the estimation of sales returns and allowances as provisions. Under IFRS 15, the Group recognizes such estimation as a refund liability (classified under accrued expenses and other current liabilities).

(2) Currently, the net effect of the progress billings, cost incurred and recognized profit (loss) of a construction contract is recognized as amounts due from (to) customers for construction contracts under IAS 11. Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability.

	December 31, 2018
Decrease in amounts due from customers for construction contracts	\$ (96,617)
Increase in contract assets - current	<u>96,617</u>
Increase (decrease) in assets	<u>\$ -</u>
Increase in contract liabilities - current	\$ 345,252
Decrease in amounts due to customers for construction contracts	(102,876)
Decrease in receipts in advance	<u>(242,376)</u>
Increase (decrease) in liabilities	<u>\$ -</u>

- b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by FSC for application starting from 2019

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
IFRS 16 “Leases”	January 1, 2019
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 3)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Definition of a lease

Upon initial application of IFRS 16, the Corporation will elect to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into. Contracts identified as containing a lease of power facility, which are currently identified as containing a lease under IAS 17 and IFRIC 4, will not meet the definition of a lease under IFRS 16 and will be accounted for in accordance with other standards because the customers do not have the right to direct the use of the identified assets. Contracts that are reassessed as containing a lease will be accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

Upon initial application of IFRS 16, the Group will recognize right-of-use assets or investment properties if the right-of-use assets meet the definition of investment properties and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value and short-term leases will be recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group will present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the interest and principal portions of lease liabilities will be classified within financing activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, are recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows.

The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

Lease liabilities will be recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Except for the following practical expedients which are to be applied, the Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

- a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

For leases currently classified as finance leases under IAS 17, the carrying amount of right-of-use assets and lease liabilities on January 1, 2019 will be determined as the carrying amount of the leased assets and finance lease payables as of December 31, 2018.

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and will account for those leases with the application of IFRS 16 starting from January 1, 2019.

Impact on assets, liabilities and equity on January 1, 2019

	Carrying Amount as of December 31, 2018	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2019
Lease receivable- current	\$ 273,941	\$ (273,242)	\$ 699
Lease receivable - non-current	5,352,933	(5,316,9165)	36,018
Account Receivable	2,444,971	95,601	2,540,572
Investment accounted for using the equity method	2,381,220	(9,964)	2,371,256
Property, Plant and Equipment	20,056,530	5,162,978	25,219,508
Right of Use Asset	<u>-</u>	<u>921,223</u>	<u>921,223</u>
Total effect on assets	<u>\$ 30,509,595</u>	<u>\$ 579,681</u>	<u>\$ 31,089,276</u>
Lease liabilities - current	<u>\$ -</u>	<u>\$ 921,223</u>	<u>\$ 921,223</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 921,223</u>	<u>\$ 921,223</u>
Retained Earnings	\$ (369,468)	\$ (306,410)	\$ (675,878)
Non-Controlling Interests	897,999	(34,173)	863,826
Other Equity	<u>(873,443)</u>	<u>(959)</u>	<u>(874,402)</u>
Total effect on equity	<u>\$ (344,912)</u>	<u>\$ (341,542)</u>	<u>\$ (686,454)</u>

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e. the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e. the Group’s share of the gain or loss is eliminated.

2) Amendments to IFRS 3 “Definition of a Business”

The amendments clarify that, to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process applied to the input that together significantly contribute to the ability to create outputs. The amendments narrow the definitions of outputs by focusing on goods and services provided to customers, and the reference to an ability to reduce costs is removed. Moreover, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

- 2) Level 2 inputs are 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); and
 - 3) Level 3 inputs are unobservable inputs for the asset or liability.
- c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within twelve months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period; and
- 3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and the entities controlled by the Group (i.e. its subsidiaries, including structured entities). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of NSP and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group's losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Group.

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

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under the cost on initial recognition of an investment in an associate.

See Note 18 and Table 7 following the Notes for the detailed information of subsidiaries, including the percentage of ownership and the main business of the subsidiaries.

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as incurred.

Goodwill is measured as the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree in excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at fair value. Other types of non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognized as of that date.

f. Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the period. When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For purposes of presenting consolidated financial statements, the assets and liabilities of the Corporation's foreign operations (including subsidiaries, associates, joint ventures and branches in other

countries that use a currency different from the currency of the Group) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and attributed to the owners of the Group and non-controlling interests as appropriate.

In relation to a partial disposal of a subsidiary that results in the Corporation losing control over the subsidiary, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods and construction in progress. Inventory are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Corporation and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint venture attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

If the fair value measurement of the identifiable assets and liabilities for associates and joint ventures is incomplete by the end of the reporting period in which the investment occurs, the Corporation reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period, to reflect new information obtained about facts and circumstances that existed as of the investment date that, if known, would have affected the amounts recognized as of that date.

When the Group subscribes for additional new shares of the associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or

credited to capital surplus - changes in the Group's share of equity of associates and joint ventures, and the investment is accounted for using the equity method. If the Group's ownership interest is reduced due to the additional subscription of the new shares of associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from the investment accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date and the fair value is regarded as its fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate and the joint venture attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate and the joint venture. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate and the joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. If an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

When a Group entity transacts with its associate and joint venture, profits and losses resulting from the transactions with the associate and joint venture are recognized in the Group's consolidated financial statements only to the extent of interests in the associate and joint venture that are not related to the Group.

i. Property, plant, and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment loss.

Properties under construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. These properties are depreciated and classified to the appropriate categories of property, plant and equipment when they are completed and ready for their intended use.

Depreciation is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the useful lives, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

j. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (CGU) or groups of cash-generating units (referred to as cash-generating units) that is expected to benefit from the synergies of the combination.

A CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributable goodwill, with its recoverable amount. However, if the goodwill allocated to a CGU is acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first, to reduce the carrying amount of any goodwill allocated to the unit and then, to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill should not be reversed in subsequent periods.

If goodwill has been allocated to a CGU and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

k. Intangible assets

1) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are reported at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

l. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Group assets are allocated to the smallest group of CGUs on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is reversed, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or CGU in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

m. Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation of those assets would cease.

n. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the financial instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement category

2018

The group classified its financial assets into the following categories: financial asset at FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 41.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and financial liability with no active market are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Cash equivalents include time deposits, which are highly liquid, readily convertible to a known amount of cash. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

Financial assets are classified into the following categories: Financial assets at FVTPL, available-for-sale financial assets and loans and receivables.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are either held for trading or designated as at FVTPL.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 41.

ii. Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives that either are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

AFS financial assets are measured at fair value. Dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amounts of AFS financial assets are recognized in other comprehensive income and accumulated under other equity - unrealized gains (losses) on available-for-sale financial assets. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the other equity - unrealized gains (losses) on available-for-sale financial assets is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established.

AFS equity investments with no quoted market prices in an active market and with fair values that cannot be reliably measured are measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in other comprehensive income. Any impairment losses are recognized in profit or loss.

iii. Loans and receivables

Loans and receivables (including notes and accounts receivable, cash and cash equivalents and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits that are highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets and contract asset

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime expected credit losses (i.e. ECLs) for trade receivables, lease receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

2017

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets are collectively assessed for impairment even if they were assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Corporation's past experience in collecting payments and an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- i. Significant financial difficulty of the issuer or counterparty; or
- ii. Breach of contract, such as a default or delinquency in interest or principal payments; or
- iii. It becoming probable that the borrower will undergo bankruptcy or financial reorganization;
or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

When an AFS financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under unrealized gains or losses.

For financial assets that are carried at cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectable, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectable trade receivables and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Before 2017, on derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss. Starting from 2018, on derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Corporation's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Corporation's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

Except in the following situation, all the financial liabilities are measured at amortized cost using the effective interest method:

i. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when the financial liability is held for trading.

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 41.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

4) Convertible bonds

The conversion options component of the convertible bonds issued by the Group that is settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Corporation's own equity instruments is classified as derivative financial liabilities.

On initial recognition, the derivative financial liabilities component of the convertible bonds is recognized at fair value, and the initial carrying amount of the component of non-derivative financial liabilities is determined by deducting the amount of derivative financial liabilities from the fair value of the hybrid instrument as a whole. In subsequent periods, the non-derivative financial liabilities component of the convertible bonds is measured at amortized cost using the effective interest method. The derivative financial liabilities component is measured at fair value and the changes in fair value are recognized in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the derivative financial liabilities component and the non-derivative financial liabilities component in proportion to their relative fair values. Transaction costs relating to the derivative financial liabilities component are recognized immediately in profit or loss. Transaction costs relating to the non-derivative financial liabilities component are included in the carrying amount of the liability component.

5) Derivative financial instruments

The Group enters into foreign exchange forward contracts and to manage its exposure to foreign exchange rate and interest rate risks.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately, but if the derivative is designated and effective as a hedging instrument, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Before 2017, derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, such that their risks and characteristics are not closely related to those of the hybrid contracts and the contracts are not measured at fair value through profit or loss. Starting from 2018, derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g. financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

o. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

The warranty of obligations products that meet the eligibility criteria are recognized at the date of sale of the relevant products and at the Group management's best estimate of the expenditure required to settle the obligations.

p. Revenue recognition

2018

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of solar cell, modules and power facilities construction. Sales of solar cell, modules and electric power plants are recognized as revenue when the goods are delivered to the customer's specific location to fulfill contractual obligation.

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, which states net of discounts and other similar sales returns and allowances. In consideration of historical experience and other factors related to contract conditions, the Group recognizes such sales returns and allowances as contract liabilities shown in the consolidated balance sheet as other current liabilities.

If there is a need to cut or remove material before processing, such processed products do not transfer substantially all the risks and rewards to the customer, thus revenue can not be recognized.

2) Construction contract revenue

Customers provide construction contract with specifications while they are construction in progress, and thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group

recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When Contractual obligation cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that is probable to be recoverable.

3) Revenue from the sale of power facilities construction

Revenue is recognized from the sale of solar energy power plant. Revenue from the sale of electric power plants is recognized as a sale when customer obtains control over the assets to fulfill contractual obligation.

4) Processing revenue

Revenue is recognized from providing process of solar cells services to customers. Processing revenue is recognized as a sale when customer obtains control over the assets to fulfill contractual obligation.

5) Services revenue

Service revenue is recognized when services are provided.

6) Electricity revenue

Electricity charges are calculated based on the actual amount of consumption at applicable rates.

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowances for sales returns and allowance and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

1) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Group; and
- e) The costs incurred or to be incurred can be measured reliably.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of the materials' ownership.

2) Revenue from the sale of power facilities construction

The revenue from the sale of power facilities is recognized in accordance with IAS 18 “Revenue”.

3) Rendering of services

Service income is recognized when services are provided.

4) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs. Variations in contract work and claims and incentive payments are included to the extent the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized deficits exceed progress billings, the surplus is shown as the gross amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized deficits, the surplus is shown as the gross amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet as a liability under other current liabilities. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

5) Electricity charges are calculated based on the actual amount of consumption at applicable rates.

6) Dividend and interest income

Dividend income from investments is recognized when the Group’s right to receive payment has been established and if it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued over time by reference to the principal outstanding and the effective interest rate applicable.

q. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Because the Group entered into several electricity purchase agreements which were covered by IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, they were accounted for as finance leases.

1) The Group as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group’s net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Rental income from operating leases is recognized on a straight-line basis over the term of the lease.

2) The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

r. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalization.

Other than the situations stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government grants

Government grants are recognized when there is reasonable assurance that the Group will comply with the conditions attached to and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate.

Government grants receivable as compensation for expenses or losses already incurred or for immediate financial support, with no future related costs, are recognized as other income in profit or loss in the period in which they become receivable.

t. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

u. Share-based payment arrangements (Employee share options)

1) Employee share options and restricted shares for employees

The fair values at the grant date of the employee share options and restricted shares for employees are expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options and other equity - unearned employee benefits. The whole amount of benefit is recognized as an expense at the grant date if vested immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized at the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration, and should be returned, they are recognized as payables. Dividends paid to employees on the restricted shares that do not need to be returned if employees resign in the vesting period, are recognized as expenses when the

dividends are declared with a corresponding adjustment in retained earnings and capital surplus - restricted shares for employees.

At the end of each reporting period, the Group revises its estimate of the number of employee share options and restricted shares for employees expected to vest. The impact of the revision of the original estimate is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to capital surplus - employee share options or capital surplus - restricted shares of employees.

2) Share-based payment transactions of the acquiree in a business combination

When the share-based payment awards held by the employees of an acquiree (acquiree awards) are replaced by the Group's share-based payment awards (replacement awards), both the acquiree awards and the replacement awards are measured in accordance with the market-based measure at the acquisition date. The portion of the replacement awards that is included in measuring the consideration transferred in a business combination equals the market-based measure of the acquiree awards multiplied by the ratio of the portion of the vesting period completed to the greater of the total vesting period or the original vesting period of the acquiree award. The market-based measure of the replacement awards in excess of the market-based measure of the acquiree awards included in measuring the consideration transferred is recognized as a remuneration cost for post-combination service.

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Based on the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve the retention of earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and in associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to use the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the Group's expectations, at the end of the reporting period, as to the manner by which the carrying amount of its assets and liabilities will be recovered or settled.

3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, but when these taxes pertain to items that are recognized in other comprehensive income or directly in equity, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

a. Business model assessment for financial assets - 2018

The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgment about all relevant evidence including how the performance of the assets is evaluated, the risks that affect the performance of the assets and how these are managed, and how the managers of the assets are compensated. The Group monitors financial assets measured at amortized cost or at fair value through other comprehensive income, and when assets are derecognized prior to their maturity, the Group understands the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and, if it is not appropriate, whether there has been a change in the business model such that a prospective change to the classification of those assets is proper.

b. Estimated impairment of financial assets - 2018

The provision for impairment of trade receivables, investments in debt instruments, and financial guarantee contracts is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group's historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, see Note 9 and 13. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

c. Write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. The estimation of the net realizable value was based on current market conditions and historical experience with selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

d. Useful lives of property, plant and equipment

As described in Note 4(i) above, the Group reviews the estimated useful lives of property, plant and equipment at each balance sheet date. Based on an evaluation report by China Property Appraising Co., Ltd., which used industry meta-analysis, functional analysis and economic analysis, the actual useful lives of the NSP's equipment exceeded their original useful lives. Management thus determined that the useful lives of some machinery and equipment should be extended from 6 years to 8 or 11 years beginning from April 1, 2013.

e. Estimated impairment of assets other than goodwill

In assessing assets for impairment, income and expenses that may occur in the future, assets' useful lives, and independent cash flows for the particular asset group are based on subjective judgment in accordance with the asset's usage patterns and the industrial characteristics. Any change in the economic condition or in the estimation due to the Group's strategy may lead to a material impairment loss in the future.

f. Assessment of impairment losses on prepayments of long-term purchase contract

To ensure the stability of the supply of raw materials in the manufacturing process, the Group entered into several long-term materials supply agreements and made certain prepayments for later purchase deductions. The purchase prices were negotiated between the parties of the contracts, and the purchase quantities of materials depend on the provisions of the contracts in addition to the operations of the supplier. The Group assesses if the prepayment is impaired, when the deduction of prepayments slow down. If the operations and financial positions of suppliers deteriorate and they cannot provide a stable supply, if adverse changes in the supply and demand of the market cause the actual purchase volume to be insufficient, and if the raw material prices decline, this may indicate an impairment of the prepayments.

g. Income taxes

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. If the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

h. Finance lease receivables

In assessing the amounts of finance lease receivables and revenue, management should consider the estimation of the Group's future cash flows and the discount rate used to determine the present value of minimum lease payments. Relevant assumptions include the expected operating rate of certain power-generating facilities and the economic lives and recoverable residual value of these facilities. If actual future cash flows are less than expected, a material impairment loss may arise. For further disclosures of finance lease receivables, refer to Note 14.

i. Assessment of bargain purchase gain

The fair value assessment of the acquisition-date assets and liabilities and the amount of the bargain purchase gain were based on the purchase price allocation report. The impact of the recognition of bargain purchase gain due to the adopted method and assumptions which involve the use of critical accounting judgements and estimations. For further disclosures of assessment of bargain purchase gain, refer to Note 35.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2018	2017
Demand deposits	\$ 9,080,667	\$ 3,960,746
Checking accounts	121,377	96,059
Cash on hand	1,000	1,135
Cash equivalents		
Bank acceptances	-	10,932
Time deposits	328,785	361,755
Repurchase agreements collateralized by bonds	<u>24,016</u>	<u>-</u>
	<u>\$ 9,555,845</u>	<u>\$ 4,430,627</u>

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2018	2017
Bank deposits	0%-1.89%	0%-1.82%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2018	2017
<u>Financial assets at FVTPL - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ -	\$ 106
<u>Financial assets at FVTPL - non-current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Put options (b)	\$ -	\$ 23,647
Long call options (c)	<u>243,130</u>	<u>117,840</u>
	<u>\$ 243,130</u>	<u>\$ 141,514</u>

(Continued)

December 31	
2018	2017

Financial liabilities at FVTPL- current

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)

Foreign exchange forward contracts (a)	\$ <u> -</u>	\$ <u> 5,742</u>
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Financial liabilities at FVTPL- non-current

Financial liabilities held for trading

Derivative financial liabilities (not under hedge accounting)

Short put options (d)	\$ <u>191,790</u>	\$ <u> 94,014</u> (Concluded)
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- a. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2017</u>			
Buy	Buy USD/Sell NTD	January 29, 2018	USD 6,000/NTD 178,620
Buy	Buy USD/Sell NTD	January 29, 2018	USD 4,000/NTD 119,080
Buy	Buy USD/Sell NTD	March 1, 2018	USD 5,000/NTD 148,775
Buy	Buy USD/Sell NTD	March 14, 2018	USD 5,000/NTD 149,200
Sell	Sell GBP/Buy USD	February 21, 2018	GBP 5,000/USD 6,710
Sell	Sell GBP/Buy USD	February 22, 2018	GBP 4,000/USD 5,372
Sell	Sell EUR/Buy USD	February 27, 2018	EUR 3,000/USD 3,574
Sell	Sell EUR/Buy USD	February 27, 2018	EUR 3,000/USD 3,575
Sell	Sell GBP/Buy USD	February 28, 2018	GBP 2,000/USD 2,684
Buy	Sell GBP/Buy USD	February 27, 2018	GBP 3,000/USD 4,046

The Corporation entered into derivative transactions during 2017 to manage exposures of assets and liabilities denominated in foreign currency related to exchange rate changes.

- b. Put options

The Corporation entered into equity purchase agreements with Clean Focus Yield Limited (“CFY”) with the right of redemption, in which the Corporation may require CFY to redeem all of its shares with certain conditions, and the Corporation’s board of directors approved to waive the right of put options on March 20, 2018.

- c. Long call options

As stated in Note 24 (d), GES MEGASIXTEEN, LLC (“MEGASIXTEEN”) was set up for the purpose of tax deductions, and MEGASIXTEEN expects to have a higher of fair value or 5.5% return of the investment from MPC AC 2017 Energy Fund, LLC (“MPC”) from the flip date (December 2022). The agreement is subject to non-controlling equity interests should MPC purchase the rights to buy back all of the Class A shares issued by GES AC SOLAR 2017, LLC (“GES AC”).

As stated in Note 24 (d), TEV Solar Alpha 18 (“TEV Solar”) was set up for the purpose of tax deductions, and TEV Solar expects the return on the investment in Advantage Capital Solar Partners II, LLC (“ACS”) to be at the higher of fair value or 7% of the capital injection of ACS, starting from the flip date (June 2024). The agreement is subject to stipulations on non-controlling equity interests should ACS purchase the rights to buy back all of the Class A shares issued by AC GES Solar 2018 LLC (“AC GES Solar”)

d. Short put options

As stated in Note 24 (c), MEGASIXTEEN's borrower, Indiana Municipal Power Agency (“IMPA”), has agreed that it will execute the right to buy back all of the equity (Class A and B shares) of GES AC from the flip date.

As stated in Note 24 (c), TEV II's borrower, IMPA, has agreed that it will execute the right to buy back all of the equity (Class A and B shares) of AC GES Solar from the flip date.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

	December 31, 2018
<u>Current</u>	
Domestic investments	
Domestic quoted shares	
CTCI Corporation (“CTCI”)	<u>\$ 133,333</u>
<u>Non-current</u>	
Domestic investments	
Domestic quoted shares	
Sino-American Silicon Products Inc. (“SAS”)	\$ 1,337,855
ThinTech Materials Technology Co., Ltd. (“TTMC”)	122,292
Unlisted ordinary shares	
EXOJET Technology Corporation (“EXOJET”)	45,962
Top Green Energy Technologies Inc. (“TGET”)	27,098
Taiwan Special Chemicals Corporation (“TSCC”)	18,601
NTNU Innovation Investment Holding Company (“NTNU”)	<u>2,000</u>
	<u>1,553,808</u>
Overseas investments	
Unlisted ordinary shares	
ASIA GLOBAL VENTURE CAPITAL CO., LTD	22,137
SUN APPENNINO CORPORATION	19,338
TG ENERGY SOLUTIONS LLC	615
FICUS CAPITAL CORPORATION	<u>-</u>
	<u>42,090</u>
	<u>\$ 1,595,898</u>

The Group invested in corporation mentioned above for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Notes 3, 10 and 11 for information relating to their reclassification and comparative information for 2017.

As of December 31, 2018, the carrying amount of the Group's investment in TTMC's private-placement shares amounted to \$115,920 thousand; under Article 43-8 of the Securities and Exchange Act, there is a legally enforceable restriction on private-placement shares, which prevents their trading.

Refer to Note 43 for the amount of investments in equity instruments at FVTOCI pledged by the Group to secure borrowings.

9. FINANCIAL ASSETS AT AMORTIZED COST - 2018

	December 31, 2018
<u>Non-current</u>	
Overseas investment	
Puttable preference shares (C-Shares III) - Phanes Holding Inc. (Phanes Holding)	\$ 153,700
Less: Allowance for impairment loss	<u> -</u>
	<u>\$ 153,700</u>

The subsidiary, General Energy Solutions (GES), received contractual cash flows as a result of holding the financial asset to maturity, and the cash flows received were solely payments of principal and interest on the principal amount outstanding and were classified under "Financial assets at amortized cost" since January 1, 2018.

Phanes Holding, a project developer, is an overseas unlisted company. The subsidiary, GES, has successfully built several power facilities in the UK and the Dominican Republic through the cooperative relationship with Phanes. In order to build a long-term cooperative strategic relationship with Phanes, the subsidiary, GES, subscribed for the following preference shares issued by Phanes at par:

Five-year puttable preference shares (C-Shares III) for 24,000 shares amounting to USD5,000 thousand for 100% interest.

The above preference shares carried no voting rights and no dividend rights but carried preferential rights on dividends specified at 7% of the par value. The preference shares can be redeemed prior to or later than the maturity date under the agreement between GES and Phanes Holding.

For the year ended December 31, 2018, the interest income of puttable preference shares amounted to \$11,487 thousand. The related interest receivable, classified as other receivables from related parties, amounted to \$10,759 thousand at December 31, 2018.

As of December 31, 2018, financial assets at amortized cost owned by GES had not been pledged as security.

The Group only invests in debt instruments that are rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment. The Group's exposure and the external credit ratings are continuously monitored. The Group reviews changes in other public information and makes an assessment about whether there has been a significant increase in credit risk since the last period to the reporting date.

The Group considers the current financial condition of debtors and industry forecasts to estimate 12-month or lifetime expected credit losses. The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate	Gross Carrying Amount at December 31, 2018
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs	-	\$ 153,700

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

**December 31,
2017**

Non-current

Domestic quoted shares

ThinTech Materials Technology Co., Ltd. ("TTMC")

\$ 109,065

As of December 31, 2017, the carrying amount of the Corporation's investment in TTMC's private-placement shares amounted to \$103,250 thousand. Under Article 43-8 of the Securities and Exchange Act, there is a legally enforceable restriction on private-placement shares, which prevents their trading.

Except that which is stated above, the AFS financial assets have not been pledged as security or for other purposes.

11. FINANCIAL ASSETS CARRIED AT COST - 2017

**December 31,
2017**

Non-current

Domestic quoted shares

EXOJET Technology Corporation ("EXOJET")

\$ 30,100

Overseas unlisted common shares

SUN APPENNINO CORPORATION

22,590

FICUS CAPITAL CORPORATION

1,259

TG ENERGY SOLUTIONS LLC

597

\$ 54,546

(Continued)

**December 31,
2017**

Non-current

Classified according to financial asset measurement categories

Available-for-sale financial assets	\$ <u>54,546</u> (Concluded)
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Management believed that the above unlisted equity investments held by the Corporation had fair values that could not be reliably measured because the range of reasonable fair value estimates was significant; thus, these investments were measured at cost less impairment at the end of the reporting period.

The financial assets carried at cost have not been pledged as security or for other purposes.

12. DEBT INVESTMENTS WITH NO ACTIVE MARKET - 2017

	December 31, 2017
Puttable preference shares (C-Share II) - Phanes Holding Inc. (Phanes Holding)	\$ -
Puttable preference shares (C-Shares III) - Phanes Holding Inc. (Phanes Holding)	<u>149,240</u>
	149,240
Less: Current portion	<u>-</u>
	<u>\$ 149,240</u>

Phanes Holding Inc. (Phanes), a project developer, is an overseas unlisted company. The subsidiary, General Energy Solutions (GES), has successfully built several power facilities in the UK and the Dominican Republic through the cooperative relationship with Phanes. In order to build a long-term cooperative strategic relationship with Phanes, the subsidiary, GES, subscribed for the following preference shares issued by Phanes at par:

- a. Two-year puttable preference shares (C-Shares II) for 4,500 shares amounting to US\$4,500 thousand for 100% interest
- b. Five-year puttable preference shares (C-Shares III) for 24,000 shares amounting to US\$5,000 thousand for 100% interest

The above preference shares carried no voting rights and no dividend rights but carried preferential rights on dividends specified at 7% of the par value. The preference shares can be redeemed prior to or later than the maturity date under the agreement between GES and Phanes. The above current portion has been classified as a current asset. The aforesaid preference shares (C-Shares II) was redeemed in October 2017.

For the year ended of December 31, 2017, the interest income of puttable preference shares amounted to \$19,090 thousand ; interest receivable amounted to \$10,790 thousand, and was classified as other receivables from related parties.

Both debt investments, both with no active market, had not been pledged as security as of December 31, 2017.

13. NOTES AND ACCOUNTS RECEIVABLE, INSTALLMENT ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Notes and accounts receivable</u>		
Notes and accounts receivable	\$ 3,106,896	\$ 1,916,351
Accounts receivable from related parties	554,452	170,506
Less: Allowance for impairment loss	<u>(622,654)</u>	<u>(616,275)</u>
	<u>\$ 3,038,694</u>	<u>\$ 1,470,582</u>
<u>Other receivables</u>		
Other receivables from related parties	\$ 1,103,134	\$ 1,960,590
Sales tax refund receivable	97,454	8,908
Others	120,362	90,718
Less: Allowance for impairment loss	<u>(8,400)</u>	<u>-</u>
	<u>\$ 1,312,550</u>	<u>\$ 2,060,216</u>

a. Notes and accounts receivable

2018

The credit periods for the sale of goods were (a) 30 to 90 days after the end of the month; (b) 7 to 150 days from the invoice date; and (c) 45 to 90 days for letters of credit and the average credit periods for power facility construction were 180 to 360 days. No interest was charged on accounts receivable. For overdue accounts receivable, interest was charged on the basis of management's judgment.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the Group's historical credit loss experience shows significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2018

	Not Past Due	Less Than or Equal to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 180 Days	Signs of Counterparty Default	Total
Expected credit loss rate	0%-0.02%	0%-0.10%	0%-2.84%	0%-15.92%	0%-29.08%	0%-31.85%	0%-26.15%	0%-100%	100%	
Gross carrying amount	\$ 1,840,553	\$ 339,031	\$ 262,859	\$ 84,684	\$ 59,070	\$ 79,493	\$ 4,060	\$ 397,230	\$ 594,368	\$ 3,661,348
Loss allowance (Lifetime ECL)	<u>(49)</u>	<u>(65)</u>	<u>(1,679)</u>	<u>(923)</u>	<u>(2,684)</u>	<u>(22,741)</u>	<u>(145)</u>	<u>-</u>	<u>(594,368)</u>	<u>(622,654)</u>
Amortized cost	<u>\$ 1,840,504</u>	<u>\$ 338,966</u>	<u>\$ 261,180</u>	<u>\$ 83,761</u>	<u>\$ 56,386</u>	<u>\$ 56,752</u>	<u>\$ 3,915</u>	<u>\$ 397,230</u>	<u>\$ -</u>	<u>\$ 3,038,694</u>

The movements of the loss allowance of trade receivables are as follows:

	2018
Balance at January 1, 2018 per IAS 39	\$ 616,275
Adjustment on initial application of IFRS 9	<u>-</u>
Balance at January 1, 2018 per IFRS 9	616,275
Add: Impairment losses	34,003
Less: Amounts written off	(23,506)
Foreign exchange gains and losses	<u>(4,118)</u>
Balance at December 30, 2018	<u>\$ 622,654</u>

2017

The Group applied the same credit policy in 2018 and 2017. In determining the recoverability of accounts receivable, the Group considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss was recognized on the basis of the irrecoverable amounts estimated through aging analyses, reference to past default of the counterparties and an assessment of the counterparties' current financial positions.

For the accounts receivable that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were considered recoverable. In addition, the Group had obtained proper collateral or other credit enhancements for these receivables. As of December 31, 2017, the amounts of collateral or other credit enhancements for these receivables were \$10,950 thousand. The Group had no legal right to offset the receivables against any amounts owed by the Group to the counterparties.

The aging of receivables is as follows:

	December 31, 2017
Up to 60 days	\$ 1,465,637
61-90 days	-
91-120 days	-
More than 120 days	<u>621,220</u>
Total	<u>\$ 2,086,857</u>

The above analysis was based on the past-due date from the end of the credit term.

The aging of receivables that were past due but not impaired is as follows:

	December 31, 2017
Up to 60 days	\$ 104,075
61-90 days	-
91-120 days	
More than 120 days	<u>4,946</u>
 Total	 <u>\$ 109,021</u>

The above analysis was based on the past due date from the end of the credit term.

Movements in the allowance for impairment loss recognized on notes receivable and accounts receivable are as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2017	\$ 545,710	\$ -	\$ 545,710
Impairment loss recognized on receivables	78,222	-	78,222
Amount transferred from disposal of subsidiaries	(2,126)	-	(2,126)
Amounts written off	(102)	-	(102)
Translation adjustments	<u>(5,429)</u>	<u>-</u>	<u>(5,429)</u>
 Balance at December 31, 2017	 <u>\$ 616,275</u>	 <u>\$ -</u>	 <u>\$ 616,275</u>

The allowance for impairment loss included individually impaired accounts receivable amounting to \$616,275 thousand as of December 31, 2017. These amounts relate to the Group's risk control process involving customers with tight cash flows. The impairment recognized represents the difference between the carrying amount of these accounts receivable and the present value of the expected proceeds received from liquidation. The Group did not hold any collateral on these impaired receivables.

b. Other receivables

2018

The credit period was 60 days after the end of the month.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

Loss allowance of finance lease receivables was estimated at the reporting date. For those with credit risk that did not increase significantly since initial recognition, 12-month ECL was applied; for those with credit risk that increased significantly since initial recognition, lifetime ECL was applied.

The aging of other receivables is as follows:

	December 31, 2018
Up to 60 days	\$ 1,187,546
61-90 days	398
91-120 days	6,570
More than 120 days	<u>126,436</u>
Total	<u>\$ 1,320,950</u>

The aging of other receivables that were impaired is as follows:

	December 31, 2018
Up to 60 days	\$ 8,400
61-90 days	-
91-120 days	-
More than 120 days	<u>-</u>
Total	<u>\$ 8,400</u>

The above analysis is based on the past-due date from the end of the credit term.

The movements of the loss allowance of other receivables are as follows:

	2018
Balance at January 1, 2018 per IAS 39	\$ -
Adjustment on initial application of IFRS 9	<u>-</u>
Balance at January 1, 2018 per IFRS 9	-
Add: Impairment losses	<u>8,400</u>
Balance at December 31, 2018	<u>\$ 8,400</u>

2017

The credit period was 60 days after the end of the month. The allowance for impairment loss was recognized on the basis of estimated irrecoverable amounts determined by an aging analysis, reference to past default experiences of the counterparties and an assessment of the counterparties' current financial positions.

The status of other receivables at the end of the reporting period is presented in the following table.

	December 31, 2017
Neither past due nor impaired	\$ 1,976,109
Past due but not impaired - 61 days to 90 days	89
Past due but not impaired - 91 days to 120 days	61
Past due but not impaired - more than 120 days	83,957
Both past due and impaired - more than 120 days	<u>-</u>
Total	<u>\$ 2,060,216</u>

The above analysis is based on the past due date from the end of the credit term.

	Collateral	Interest Rate	December 31	
			2018	2017
Fixed rate NTD-denominated loans receivables at NTD200,000 thousand	\$ -	1.608%	\$ 200,000	\$ -
Fixed rate USD-denominated loans receivables at USD3,500 thousand (1)	-	5%	<u>107,590</u>	<u>358,176</u>
			<u>\$ 307,590</u>	<u>\$ 358,176</u>

1) The repayments of USD8,500 thousand were received in 2018, and the remaining principal is expected to be received in full on the maturity date.

14. FINANCE LEASE RECEIVABLES

	December 31	
	2018	2017
<u>Gross investment in leases</u>		
Not later than 1 year	\$ 714,190	\$ 564,638
Over 1 year to 5 years	2,476,238	1,997,752
Later than 5 years	<u>7,868,447</u>	<u>6,193,761</u>
	11,058,875	8,756,151
Less: Unearned finance income	<u>(5,432,001)</u>	<u>(4,762,362)</u>
Present value of minimum lease payments	<u>\$ 5,626,874</u>	<u>\$ 3,993,789</u>

The Group entered into several electricity purchase agreements (refer to Note 44) for the Group to sell all electricity to Corporación Dominicana de Empresas Eléctricas Estatales, Taiwan Power Company, Good Energy Limited, Indianapolis Power & Light Company and DP World FZE, etc. after the electric generating facilities are operating with the distribution system. The average term of finance leases entered into was 15 to 25 years. Since these agreements were covered by IFRIC 4 “Determining Whether an Arrangement contains a Lease” and IAS 17 “Leases,” they were accounted for as finance leases.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The effective interest rate contracted was 1.234% to 14.279% per annum.

The amounts of finance lease receivables pledged as collateral for bank loans are shown in Note 43.

Loss allowance of finance lease receivables was estimated at the reporting date. For those with credit risk that did not increase significantly since initial recognition, 12-month ECL was applied; for those with credit risk that increased significantly since initial recognition, lifetime ECL was applied. As of December 31, 2018, no finance lease receivable was past due. The Group has not recognized any loss allowance for finance lease receivables after considering historical experience, industry forecasts and the collaterals.

The finance lease receivables as of December 31, 2018 and 2017 were neither past due nor impaired.

The Group derecognized lease receivable as of December 31, 2018 and 2017 in \$771,348 thousand and \$1,306,805 thousand because of disposal of subsidiaries.

15. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	December 31, 2017
<u>Amounts due from customers for construction contracts</u>	
Construction costs incurred plus recognized profits less recognized losses to date	\$ 465,894
Less: Progress billings	<u>(401,599)</u>
Amounts due from customers for construction contracts	<u>\$ 64,295</u>
<u>Amounts due to customers for construction contracts</u>	
Progress billings	\$ 211,861
Less: Construction costs incurred plus recognized profits less recognized losses to date	<u>(139,898)</u>
Amounts due to customers for construction contracts	<u>\$ 71,963</u>

For the year ended December 31, 2017, the Group recognized construction revenue of \$605,792 thousand.

The Group adopted IFRS 15 since 2018. The net effect of revenue recognized, consideration received and receivable are recognized as contract assets (liabilities), refer to Note 30 for the details.

16. INVENTORIES

	December 31	
	2018	2017
Finished goods and goods	\$ 1,220,727	\$ 899,821
Work in progress	10,174	81,688
Raw materials	684,287	461,919
Power facilities construction in progress	<u>1,470,298</u>	<u>1,529,163</u>
	<u>\$ 3,385,486</u>	<u>\$ 2,972,591</u>

Power facilities construction in progress is the cost relevant to power facilities construction which will be sold in the near future.

In 2018, the cost of sales related to inventories was \$13,722,481 thousand, which included (1) unallocated fixed manufacturing overhead of \$1,075,295 thousand; (2) income of \$3,527 thousand from the sale of scraps; (3) losses on purchase contracts of \$319,657 thousand; and (4) reversal of inventories write-downs of \$19,129 thousand; (5) loss of \$14,189 thousand from the disposal of obsolete inventories.

In 2017, the cost of sales related to inventories was \$12,204,604 thousand, which included (1) unallocated fixed manufacturing overhead of \$795,159 thousand; (2) income of \$7,276 thousand from the sale of scraps; (3) losses on purchase contracts of \$1,063,138 thousand; and (4) reversal of inventories write-downs of \$307,015 thousand; (5) loss of \$34,889 thousand from the disposal of obsolete inventories.

Refer to Note 43 for the carrying amount of inventories pledged by the Corporation to secure borrowings.

17. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2018	2017
Power facilities	\$ -	\$ 143,090
Machinery and equipment	-	134,006
Office equipment	-	9
Miscellaneous equipment	<u>-</u>	<u>3,673</u>
	<u>\$</u>	<u>\$ 280,778</u>

In the second and fourth quarter of 2017, the Group intended to dispose of a parcel of power facilities and reclassified such assets to non-current assets classified as held for sale. The Group assessed that there were no indications of impairment because their recoverable amount was estimated to be higher than their carrying amount. No impairment loss was recognized on classification of the land as held for sale for the year ended December 31, 2017. The above-mentioned power facilities held for sale have already completed the disposal procedures in the second and third quarter of 2018. This transaction generated a profit of \$6,387 thousand.

On November 10, 2015, the Corporation's board of directors approved the disposal of a parcel of assets to TS Solartech Sdn Bhd. by installment payment. The first disposal was completed on November 27, 2015; the second parcel of machinery and equipment was intended for transfer out before November 2016. However, installment accounts receivable from TS Solartech Sdn Bhd., due to the disposal of machinery, were not recoverable after assessment, so the Corporation reclaimed those pieces of equipment in accordance with the contract, and that disposal group held for sale was reclassified to property, plant and equipment. The Corporation intended to dispose of the above equipment and reclassified such assets to non-current assets classified as held for sale in fourth quarter of 2017. The Corporation assessed that there were indications of impairment because their recoverable amounts measured at fair value on a non-recurring basis of \$137,688 thousand was estimated to be less than their carrying amounts, and thus, an impairment loss of \$31,593 thousand was recognized, and the disposal was completed in the first quarter of 2018.

On May 9, 2017, board of directors of the Corporation approved the disposal of the building in Zhu-nan and its auxiliary equipment and reclassified such assets to non-current assets classified as held for sale in the second quarter of 2017. The Corporation signed the disposal contract on July 11, 2017, and the Corporation assessed that there were no indications of impairment because the selling price was higher than the carrying amount; the disposal was completed in the third quarter of 2017.

In the first quarter of 2017, the Corporation intended to dispose of a parcel of machinery and equipment and reclassified such assets to non-current assets classified as held for sale. The Group assessed that there were indications of impairment because their recoverable amount measured at fair value on a non-recurring basis of \$45,097 thousand was estimated to be less than their carrying amount; and thus, an impairment loss of

\$12,076 thousand was recognized for the three months ended March 31, 2017, and the disposal was completed in the second quarter of 2017.

18. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership		Remark	
			2018	2017		
The Corporation	General Energy Solutions Inc. ("GES")	Electronic component manufacturing and selling	100.00	100.00	5	
	Prime Energy Corp. ("Prime Energy")	Electronic component manufacturing and selling	100.00	100.00	-	
	New Ray Investment Corp. ("New Ray Investment")	Investment company	100.00	100.00	-	
	DelSolar Holding Singapore Pte. Ltd. ("DelSolar Singapore")	Investment company	100.00	100.00	-	
	DelSolar Holding (Cayman) Ltd. ("DelSolar Cayman")	Investment company	100.00	100.00	-	
	NSP Systems (BVI) Ltd. ("NSP BVI")	Investment company	100.00	100.00	-	
	NSP UK Holding Limited ("NSP UK")	Investment company	100.00	100.00	-	
	Best Power Service Corp. ("BPS")	Solar-related business	60.00	60.00	-	
	NSP System Development Corp. ("NSP System")	Solar-related business	100.00	100.00	-	
	GES Energy Middle East FZE ("GES ME")	Solar-related business	100.00	100.00	-	
	Utech solar corporation ("Utech")	Electronic component manufacturing and selling	98.30%	-	11	
	Ultimate Energy Solution Limited ("UES")	Investment company	100.00%	-	11	
	Solartech Materials Corporation ("SMC")	Electronic component manufacturing and selling	100.00%	-	11	
	Apex solar Corporation ("Apex")	Electronic component manufacturing and selling	100.00%	-	11	
	Solartech Japan Corporation ("Solartech JP")	Electronic component manufacturing and selling	100.00%	-	11	
	Zhongyang Corporation ("Zhongyang")	Electronic component manufacturing and selling	100.00%	-	11	
	Huiyang Corporation ("Huiyang")	Electronic component manufacturing and selling	100.00%	-	11	
	GES	True Honour Limited	Investment company	99.50%	-	11
		Yong Liang Ltd. ("Yong Liang")	Solar-related business	100.00	100.00	-
		Yong Han Ltd. ("Yong Han")	Solar-related business	-	100.00	2
Yong Zhou Ltd. ("Yong Zhou")		Solar-related business	100.00	100.00	-	
Yun Yeh Energy INC. ("Yun Yeh")		Solar-related business	-	100.00	2	
Ever Lite Power Inc. ("Ever Lite")		Electronic component manufacturing and selling	100.00	100.00	-	
Yong Yao Ltd. ("Yong Yao")		Solar-related business	100.00	100.00	-	
Yong Shun Ltd. ("Yong Shun")		Solar-related business	100.00	100.00	-	
Abacus Renewable One Japan Ltd. ("Abacus")		Solar-related business	-	-	2	
General Energy Solutions UK Limited ("GES UK")		Investment company	100.00	100.00	-	
GES UK	ELECTRONIC J.R.C. S.R.L ("JRC")	Solar-related business	1.00	1.00	-	
	General Energy Solutions USA, Inc. ("GES USA")	Investment company	100.00	100.00	-	
	GES JAPAN CORPORATION ("GES JAPAN")	Investment company	100.00	100.00	-	
	NCH Solar 1 Limited ("NCH Solar 1")	Solar-related business	100.00	100.00	-	
	GES Solar 2 Limited ("GES Solar 2")	Solar-related business	100.00	100.00	-	
	GES Solar 3 Limited ("GES Solar 3")	Solar-related business	100.00	100.00	-	
GES USA	General Energy Solutions CANADA Inc. ("GES CANADA")	Investment company	100.00	100.00	-	
	ET ENERGY SOLUTIONS LLC ("ET ENERGY")	Solar-related business	100.00	100.00	-	
	TIPPING POINT ENERGY COC PPA SPE-1, LLC ("TIPPING POINT")	Solar-related business	100.00	100.00	-	
	MEGATWO, LLC ("MEGATWO")	Solar-related business	100.00	100.00	-	
	GES MEGAFIVE, LLC ("MEGAFIVE")	Solar-related business	100.00	100.00	-	
	GES MEGASIX, LLC ("MEGASIX")	Solar-related business	-	-	1	
	GES MEGASEVEN, LLC ("MEGASEVEN")	Solar-related business	-	55.00	2	
	GES MEGAEIGHT, LLC ("MEGAEIGHT")	Solar-related business	100.00	100.00	-	
	GES MEGANINE, LLC ("MEGANINE")	Solar-related business	-	-	1	
	GES MEGATEN, LLC ("MEGATEN")	Solar-related business	-	-	1	
	GES MEGAELEVEN, LLC ("MEGAELEVEN")	Solar-related business	-	55.00	2	
	GES MEGATWELVE, LLC ("MEGATWELVE")	Solar-related business	100.00	100.00	-	
	GES MEGATHIRTEEN, LLC ("MEGATHIRTEEN")	Solar-related business	100.00	-	8	

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark	
			2018	2017		
GES USA	GES MEGAFOURTEEN, LLC ("MEGAFOURTEEN")	Solar-related business	-	-	2	
	GES MEGAFIFTEEN, LLC ("MEGAFIFTEEN")	Solar-related business	-	55.00	2	
	GES MEGASIXTEEN, LLC ("MEGASIXTEEN")	Solar-related business	100.00	-	7 and 8	
	GES MEGASEVENTEEN, LLC ("MEGASEVENTEEN")	Solar-related business	-	-	1	
	GES MEGANINETEEN, LLC ("MEGANINETEEN")	Solar-related business	100.00	100.00	-	
	GES MEGATWENTY, LLC ("MEGATWENTY")	Solar-related business	100.00	100.00	-	
	GES ASSET ONE, LLC. ("ASSET ONE")	Solar-related business	100.00	100.00	-	
	GES ASSET TWO, LLC. ("ASSET TWO")	Solar-related business	-	-	1	
	GES ASSET THREE LLC ("ASSET THREE")	Solar-related business	100.00	100.00	-	
	GES ASSET FOUR LLC ("ASSET FOUR")	Solar-related business	-	-	1	
	CENERGY PORTFOLIO LLC ("CENERGY")	Solar-related business	-	-	1	
	SH4 SOLAR LLC ("SH4")	Solar-related business	100.00	100.00	-	
	Cedar Falls Solar Farm, LLC ("CEDAR FALLS")	Solar-related business	100.00	100.00	-	
	Schenectady Solar, LLC ("Schenectady")	Solar-related business	-	-	1	
	Village of Coxsackie Municipal Solar Project One, LLC ("VOC")	Solar-related business	-	-	1	
	Heywood Solar PGS, LLC ("HEYWOOD")	Solar-related business	55.00	55.00	4	
	SEG MI 57 LLC ("SEG")	Solar-related business	100.00	-	1	
	Kinect Solar Fund 1, LLC ("KINECT")	Solar-related business	100.00	100.00	-	
	RER CT 57, LLC ("RER CT 57")	Solar-related business	100.00	100.00	-	
	MP Solar, LLC ("MP Solar")	Solar-related business	55.00	55.00	4	
	Ventura Solar LLC ("Ventura")	Solar-related business	55.00	55.00	4	
	TEV II, LLC (TEV II) Investment Company	Solar-related business	50.00	-	9	
	GES JAPAN	GES FUKUSHIMA CORPORATION ("GES FUKUSHIMA")	Solar-related business	-	-	2
		GES KYUSHU CORPORATION ("GES KYUSHU")	Solar-related business	-	100.00	2 and 6
		Hashimoto Corporation ("Hashimoto")	Solar-related business	100.00	100.00	6
	GES CANADA MEGATWO ASSET THREE	ELECTRONIC J.R.C., S.R.L ("JRC")	Solar-related business	99.00	99.00	-
		Munisol S.A.P.I. de C.V. ("MUNISOL")	Solar-related business	100.00	100.00	-
GES Asset Three Shima's, LLC ("SHIMA'S")		Solar-related business	100.00	-	8	
GES Asset Three Waimea, LLC ("WAIMEA")		Solar-related business	100.00	100.00	-	
GES Asset Three Honokawai, LLC ("HONOKAWAI")		Solar-related business	100.00	-	8	
GES Asset Three Eleele, LLC ("ELEELE")		Solar-related business	100.00	100.00	-	
GES Asset Three Hanalei, LLC ("HANALEI")		Solar-related business	100.00	100.00	-	
CENERGY	GES Asset Three Kapaa, LLC ("KAPAA")	Solar-related business	100.00	100.00	-	
	GES Asset Three Koloa, LLC ("KOLOA")	Solar-related business	100.00	100.00	-	
	Smart Farm Inashiki Godo Kaisha ("Inashiki GK")	Solar-related business	-	-	3	
MEGASIXTEEN GES AC	Smart Farm Namegata Godo Kaisha ("Namegata GK")	Solar-related business	-	-	3	
	GES AC SOLAR 2017, LLC ("GES AC")	Solar-related business	67.59	67.59	7	
TEV II TEV Solar AC GES Solar	Anderson North Solar Project LLC ("Anderson N.")	Solar-related business	100.00	100.00	7	
	Anderson South Solar Project LLC ("Anderson S.")	Solar-related business	100.00	100.00	7	
	Flora Solar Project LLC ("Flora")	Solar-related business	100.00	100.00	7	
	Greenfield Solar Project LLC ("Greenfield")	Solar-related business	100.00	100.00	7	
	Spiceland Solar Project LLC ("Spiceland")	Solar-related business	100.00	100.00	7	
	TEV Solar Alpha18 LLC (TEV Solar)	Solar-related business	100.00	-	9	
	AC GES Solar 2018 LLC (AC GES Solar)	Solar-related business	66.19	-	10	
DelSolar Cayman	Richmond 2 Solar Park, LLC (Richmond)	Solar-related business	100.00	-	10	
	Rensselaer 2 Solar Park, LLC (Rensselaer)	Solar-related business	100.00	-	10	
	Advance Solar Park, LLC (Advance)	Solar-related business	100.00	-	10	
NSP BVI	DelSolar (HK) Ltd. ("DelSolar HK")	Investment company	100.00	100.00	-	
	DelSolar US Holdings (Delaware) Corporation ("DelSolar US")	Investment company	100.00	100.00	-	
	NSP SYSTEM NEVADA HOLDING CORP. ("NSP NEVADA")	Solar-related business	100.00	100.00	-	
NSP BVI	URE NSP Corporation (URE NSP)	Solar-related business	100.00	-	12	
	NSP HK Holding Ltd. ("NSP HK")	Solar-related business	-	-	1	
	Clean Focus GP Limited ("CFGP")	Solar operation management services	60.00	60.00	-	

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2018	2017	
DelSolar Singapore	DelSolar India EPC Company Private Ltd. (“DelSolar India”)	Solar-related business	-	100.00	3
	Neo Solar Power Malaysia Sdn. Bhd (“NSP Malaysia”)	Technical management services	100.00	100.00	-
NSP UK	Neo Solar Power Vietnam Co., Ltd (“NSP Vietnam”)	Technical management services	100.00	100.00	-
	NSP Germany GmbH (“NSP Germany”)	Solar-related business	90.00	90.00	-
NSP System	PV-Power-Park Pro1 Verwaltings GmbH (“PV-Power-Park”)	Solar-related business	100.00	100.00	-
	NSP Indygen UK Ltd. (“NSP Indygen”)	Solar-related business	-	-	1
NSP HK	Hsin Jin Optoelectronics (“Hsin Jin Optoelectronics”)	Solar-related business	80.00	80.00	-
	Hsin Jin Solar Energy Co., Ltd. (“Hsin Jin Solar Energy”)	Solar-related business	60.00	60.00	-
CFGP	Si Two Corp. (“Si Two”)	Solar-related business	100.00	100.00	-
	XYH (Suzhou) Energy Ltd. (“XYH Suzhou”)	Solar-related business	100.00	100.00	-
DelSolar HK	Clean Focus GP (HK) Limited. (“CFGP (HK)”)	Solar operation management services	100.00	100.00	-
NSP NEVADA	DelSolar (Wu Jiang) Ltd. (“DelSolar Wu Jiang”)	Solar-related business	100.00	100.00	-
	NSP Japan Inc. (“NSP Japan”)	Solar-related business	100.00	100.00	-
NSP NEVADA	Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Solar-related business	11.36	11.36	-
	Livermore Community Solar Farm, LLC (“Livermore”)	Solar-related business	75.00	75.00	-
	HI Solar Green 1 LLC	Solar-related business	-	-	2
	HI Solar Green 2 LLC	Solar-related business	-	-	2
	HI Solar Green 3 LLC	Solar-related business	-	-	2
	HI Solar Green 4 LLC	Solar-related business	-	-	2
	HI Solar Green 5 LLC	Solar-related business	-	-	2
	HI Solar Green 6 LLC	Solar-related business	-	-	2
	HI Solar Green 7 LLC	Solar-related business	-	-	2
	HI Solar Green 8 LLC	Solar-related business	-	-	2
	HI Solar Green 9 LLC	Solar-related business	-	-	2
	HI Solar Green 10 LLC	Solar-related business	-	-	2
	GES MEGASEVEN, LLC (“MEGASEVEN”)	Solar-related business	-	45.00	2
	GES MEGAELEVEN, LLC (“MEGAELEVEN”)	Solar-related business	-	45.00	2
	GES MEGAFOURTEEN, LLC (“MEGAFOURTEEN”)	Solar-related business	-	-	2
	GES MEGAFIFTEEN, LLC (“MEGAFIFTEEN”)	Solar-related business	-	45.00	2
	Heywood Solar PGS, LLC (“HEYWOOD”)	Solar-related business	45.00	45.00	4
	Industrial Park Drive Solar, LLC (“Industrial Park”)	Solar-related business	100.00	100.00	-
	Hillsboro Town Solar, LLC (“Hillsboro”)	Solar-related business	100.00	100.00	-
	MP Solar, LLC (“MP Solar”)	Solar-related business	45.00	45.00	4
Ventura Solar, LLC (“Ventura”)	Solar-related business	45.00	45.00	4	
DelSolar US	DelSolar Development (Delaware) LLC (“DelSolar Development”)	Solar-related business	100.00	100.00	-
	Clean Focus Renewables Inc. (“CFR”)	Solar-related business	100.00	100.00	-
NSP Indygen	USD1 Owner LLC (“USD1”)	Solar-related business	100.00	100.00	-
	Beryl Construction LLC (“Beryl”)	Solar-related business	100.00	100.00	4
	UKEG POTTERS BAR LIMITED (“POTTERS BAR”)	Solar-related business	-	-	1 and 2
	UKEG CLAY CROSS LIMITED (“CLAY CROSS”)	Solar-related business	-	-	1 and 2
	UKEG BELPER LIMITED (“BELPER”)	Solar-related business	-	-	1 and 2
	GDL Bryncrynnau Ltd. (“Bryncrynnau”)	Solar-related business	-	-	1 and 2
CFGP (HK)	GDL Upper Meadowley Ltd. (“Meadowley”)	Solar-related business	-	-	1 and 2
	Clean Focus GP (Shanghai) Limited. (“CFGP (Shanghai)”)	Solar operation management services	100.00	100.00	-
DelSolar Wu Jiang	Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Solar-related business	88.64	88.64	-
DelSolar Development	DSS-USF PHX LLC	Solar-related business	100.00	100.00	-
	DSS-RAL LLC	Solar-related business	100.00	100.00	-
CFR	Rugged Solar LLC	Solar-related business	100.00	100.00	1
	AVS Phase 2 LLC	Solar-related business	-	-	1
	Clear Solar I LLC	Solar-related business	-	-	1
	CEC Solar #1117 LLC (CEC Solar #1117)	Solar-related business	-	-	1 and 2
	CEC Solar #1118 LLC (CEC Solar #1118)	Solar-related business	-	-	1 and 2
	CEC Solar #1119 LLC (CEC Solar #1119)	Solar-related business	-	-	1 and 2
	CEC Solar #1121 LLC (CEC Solar #1121)	Solar-related business	-	-	1 and 2
	CEC Solar #1122 LLC (CEC Solar #1122)	Solar-related business	-	-	1 and 2
CEC Solar #1128 LLC (CEC Solar #1128)	Solar-related business	-	-	1 and 2	

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2018	2017	
CFR	CEC Solar #1130 LLC (CEC Solar #1130)	Solar-related business	-	-	1 and 2
	CEC Solar #1133 LLC (CEC Solar #1133)	Solar-related business	-	-	1 and 2
	Klamath Falls Solar 2 LLC (Ewauna)	Solar-related business	-	-	1 and 2
	232 Long Beach 29 Solar I, LLC (Long Beach)	Solar-related business	-	-	1
	233 Randolph 74 Solar I LLC (Randolph)	Solar-related business	-	-	1
	CF Roseville Owner LLC (Roseville)	Solar-related business	-	-	1 and 2
UES	NHSG Alpine Ridge Solar, LLC (NHSG)	Solar-related business	-	-	1 and 2
	Renewable Energy Solution Limited (RES)	Investment company	100.00%	-	11
RES	Gintech (Thailand) Limited (Gintech Thailand)	Solar-related business	100.00%	-	11

(Concluded)

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

Note 2: HI Solar Green 1 LLC, HI Solar Green 2 LLC, HI Solar Green 3 LLC, HI Solar Green 4 LLC, HI Solar Green 5 LLC, HI Solar Green 6 LLC, HI Solar Green 7 LLC, HI Solar Green 8 LLC, HI Solar Green 9 LLC and HI Solar Green 10 LLC were all disposed of in January 2017. Abacus was disposed in June 2017. GES FUKUSHIMA was disposed in July 2017. MEGAFOURTEEN was disposed in November 2017. The liquidation of New Castle was completed in December 2017. Yong Han was disposed of in March 2018. Yun Yeh was disposed of in March 2018. MEGASEVEN, MEGAELEVEN and MEGAFIFTEEN were all disposed of in June 2018. GES KYUSHU was disposed of in October 2018. POTTERS BAR, CLAY CROSS, BELPER, Bryncrynau and Meadowley were all disposed of in October 2018. CEC Solar #1117, CEC Solar #1118, CEC Solar #1119, CEC Solar #1121, CEC Solar #1122, CEC Solar #1128, CEC Solar #1130, CEC Solar #1133, and Ewauna were all disposed of in the fourth season.

Note 3: The cancellation of Inashiki GK and Namegata GK were completed in April 2017, the cancellation of DelSolar India was completed in March 2018.

Note 4: HEYWOOD was 55% - owned by GES USA and 45% - owned by NSP NEVADA in February 2017. Beryl was 100% - owned by DelSolar US in March 2017. MP Solar and Ventura were 55% - owned by GES USA and 45% - owned by the Corporation NEVADA in October 2017, respectively.

Note 5: The Corporation considers the development of the solar energy industry and the growth of future requirements in its investment strategy. In order to expand the solar energy industry and strengthen the operating ability, on October 16, 2017, the Corporation's board of directors approved to increase the investment in GES by 46,104,764 ordinary shares of GES by public tender offer (approximately 24.11% of the total issued ordinary shares of GES). As of November 6, 2017, the acquisition date, the Corporation acquired 43,090,282 shares and obtained a total of 3,014,482 shares from other shareholders in November and December 2017, and GES became a 100%-owned subsidiary of the Group.

Note 6: GES JAPAN acquired 55% ownership of GES KYUSHU and Hashimoto; thus, GES KYUSHU and Hashimoto became 100%-owned subsidiaries in October 2017.

Note 7: MEGASIXTEEN was established for taxation purposes based on an agreement. MEGASIXTEEN established GES AC with MPC AC 2017 Energy Fund, LLC ("MPC"), and acquired 67.59% of the shares of GES AC in December 2017. Through GES AC, MEGASIXTEEN owned 5 Power Facilities LLC under GES AC.

Note 8: As GES USA had injected capital in MEGASIXTEEN and MEGATHIRTEEN since the first quarter and second quarter of 2018, MEGASIXTEEN became a 100%-owned subsidiary of GES USA. In view of the fact that the power facilities of SHIMA and HONOKAWAI had

been operated since the first quarter of 2018, SHIMA and HONOKAWAI became 100%-owned subsidiaries to ASSET THREE.

Note 9: GES USA and non-related party, Telamon Enterprise Ventures (“Telamon”) established TEV II and each acquired 50% of the shares of TEV II, based on an agreement. GES USA is responsible for all relevant events and the risk of fluctuating return, thus, GES USA obtains substantial control over TEV II.

Note 10: TEV II acquired 100% of the shares of TEV Solar. TEV Solar and non-related party, Advantage Capital Solar Partners II, LLC (“ACS”) established AC GES Solar. TEV Solar acquired 66.19% of the shares of AC GES Solar which is the 100% owner of three LLC solar power facilities engaged in solar-related business.

Note 11: The acquisitions of subsidiaries were due to the absorption merging of two corporations, Gintech Energy and Solartech Energy on October 1, 2018.

Note 12: As DelSolar Cayman had injected capital in URE NSP in November 2018, URE NSP became a 100%-owned subsidiary of DelSolar Cayman.

b. Details of subsidiaries that have material non-controlling interests

As of December 31, 2018, the Group did not have subsidiaries that have material non-controlling interests.

Name of Subsidiary	Principal Place of Business	% of Ownership and Voting Rights Held by Non-controlling Interests December 31, 2017
GES	Hsin-Chu	-
GES AC	America	32.41
CFGP	British Virgin Islands	40.00

Name of Subsidiary	(Loss) Gain Allocated to Non-controlling Interests For the Year Ended December 31, 2017	Accumulated Non-controlling Interests December 31, 2017
GES (Without non-controlling interests of subsidiaries)	\$ 19,978	\$ -
GES AC	-	175,793
CFGP	(26,756)	62,661
Others	<u>952</u>	<u>19,954</u>
Total	<u>\$ (5,826)</u>	<u>\$ 258,408</u>

Summarized financial information in respect of each of the Group's subsidiaries with material non-controlling interests is set out below. The summarized financial information below represents amounts before intragroup eliminations.

	December 31, 2017
<u>GES and GES's subsidiaries</u>	
Current assets	\$ 946,606
Non-current assets	6,732,726
Current liabilities	(4,244,955)
Non-current liabilities	<u>(1,230,492)</u>
Equity	<u>\$ 2,203,885</u>
Equity attributable to:	
Owners of GES	\$ 1,821,774
Non-controlling interests of GES	-
Non-controlling interests of GES's subsidiaries	<u>382,111</u>
	<u>\$ 2,203,885</u>
	For the Year Ended December 31, 2017
Revenue	<u>\$ 521,594</u>
Income for the year	\$ 38,262
Other comprehensive loss for the year	<u>(161,308)</u>
Total comprehensive loss for the year	<u>\$ (123,046)</u>
Profit attributable to:	
Owners of GES	\$ 21,038
Non-controlling interests of GES	19,978
Non-controlling interests of GES's subsidiaries	<u>(2,754)</u>
	<u>\$ 38,262</u>
Total comprehensive loss attributable to:	
Owners of GES	\$ (108,990)
Non-controlling interests of GES	(11,302)
Non-controlling interests of GES's subsidiaries	<u>(2,754)</u>
	<u>\$ (123,046)</u>
Net cash inflow from:	
Operating activities	\$ 1,309,371
Investing activities	(2,637,541)
Financing activities	932,438
Effects of exchange rate changes	<u>(7,913)</u>
Net cash outflow	<u>\$ (403,645)</u>

	December 31, 2017
<u>GES AC and GES's Subsidiaries</u>	
Current assets	\$ 24
Non-current assets	1,097,869
Current liabilities	(829,270)
Non-current liabilities	<u>(49,656)</u>
Equity	<u>\$ 218,967</u>
Equity attributable to:	
Owners of GES AC	\$ 43,174
Non-controlling interests of GES AC	<u>175,793</u>
	<u>\$ 218,967</u>

CFGP and CFGP's subsidiaries

Current assets	\$ 35,318
Non-current assets	153,429
Current liabilities	<u>(1,639)</u>
Equity	<u>\$ 187,108</u>
Equity attributable to:	
Owners of CFGP	\$ 124,447
Non-controlling interests of CFGP	<u>62,661</u>
	<u>\$ 187,108</u>

**For the Year
Ended
December 31,
2017**

Revenue	\$ <u>-</u>
Loss for the year	\$ (66,889)
Other comprehensive income for the year	<u>-</u>
Total comprehensive loss for the year	<u>\$ (66,889)</u>
Loss attributable to:	
Owners of CFGP	\$ (40,133)
Non-controlling interests of CFGP	<u>(26,756)</u>
	<u>\$ (66,889)</u>
Total comprehensive loss attributable to:	
Owners of CFGP	\$ (40,133)
Non-controlling interests of CFGP	<u>(26,756)</u>
	<u>\$ (66,889)</u>

(Continued)

	For the Year Ended December 31, 2017
Net cash inflow from:	
Operating activities	\$ 32,960
Financing activities	-
Effects of exchange rate changes	<u>33</u>
Net cash inflow	<u>\$ 32,993</u> (Concluded)

19. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	2018	2017
Investments in associates	\$ 2,314,046	\$ 1,822,981
Investments in joint ventures	<u>67,174</u>	<u>64,792</u>
	<u>\$ 2,381,220</u>	<u>\$ 1,887,773</u>

a. Investments in associates

	<u>December 31</u>	
	2018	2017
Material associates		
Clean Focus Yield Limited (“CFY”)	\$ -	\$ 1,130,375
Neo Cathay Power Corp. (“Neo Cathay”)	<u>-</u>	<u>578,238</u>
	<u>-</u>	<u>1,708,613</u>
Associates that are not individually material		
Clean Focus Yield Limited (“CFY”)	1,295,281	-
Neo Cathay Power Corp. (“Neo Cathay”)	608,316	-
TS Solartech SDN BHD (“TSST”)	254,093	-
V5 Technology	69,860	72,402
Gintung energy Corp. (“Gintung”)	44,424	-
MEGATHREE	34,539	32,650
JNV SOLAR POWER CO., LTD. (“JSP”)	7,533	9,316
Sunshine PV Corp. (“Sunshine PV”)	-	-
Solar PV Corp (“Solar PV”)	<u>-</u>	<u>-</u>
	<u>2,314,046</u>	<u>114,368</u>
	<u>\$ 2,314,046</u>	<u>\$ 1,822,981</u>

1) Material associates

As of December 31, 2018, the Group did not have material associates.

At the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Company	December 31	
	2018	2017
CFY	-	26.99%
Neo Cathay	-	40.00%

Summarized financial information in respect of each of the Group's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS adjusted by the Corporation for equity accounting purposes.

CFY

	December 31, 2017
Current assets	\$ 3,421,244
Non-current assets	9,936,667
Current liabilities	(2,600,813)
Non-current liabilities	<u>(5,418,742)</u>
Equity	5,338,356
Non-controlling interest	(2,514,794)
Unrecognized changes in equity of profit and loss and non-other comprehensive income	<u>(18,159)</u>
	<u>\$ 2,805,403</u>
Proportion of the Group's ownership	26.99%
Equity attributable to the Group	\$ 757,178
Unrealized gain with associates	(4,588)
Goodwill	370,712
Other adjustments	<u>7,073</u>
Investment carrying value	<u>\$ 1,130,375</u>
	For the Year Ended December 31, 2017
Revenue	<u>\$ 417,826</u>
Profit from operations	<u>\$ 417,826</u>
Net profit for the period	<u>\$ 94,486</u>
Other comprehensive loss	<u>\$ (1,745)</u>
Total comprehensive income for the period	<u>\$ 92,741</u>

Neo Cathay

	December 31, 2017
Current assets	\$ 681,238
Non-current assets	817,097
Current liabilities	<u>(400)</u>
Equity	<u>\$ 1,497,935</u>
Proportion of the Corporation's ownership	40.00%
Equity attributable to the Corporation	\$ 599,173
Unrealized gain with associates	<u>(20,935)</u>
Investment carrying value	<u>\$ 578,238</u>
	For the Year Ended December 31, 2017
Revenue	<u>\$ -</u>
Loss from operations	<u>\$ -</u>
Net profit (loss) for the period	<u>\$ 846</u>
Other comprehensive loss	<u>\$ -</u>
Total comprehensive income (loss) for the period	<u>\$ 846</u>

A valuation report of CFY received in fourth quarter of 2017, the Group adjusted the initial accounting and tentative amount estimated at the acquisition date according to the valuation report.

2) Aggregate information of joint ventures that are not individually material

At the end of the reporting period, the proportion of ownership and voting rights in joint ventures held by the Corporation were as follows:

Name of Company	December 31	
	2018	2017
CFY	28.67%	-
Neo Cathay	40.00%	-
TSST	42.12%	-
V5 Technology	41.43%	41.43%
Gintung	36.38%	-
MEGATHREE	40.00%	40.00%
JSP	35.00%	35.00%
Sunshine PV	19.47%	-
Solar PV	19.92%	-

The acquisitions of TSST, Gintung, Sunshine PV and Solar PV as joint ventures were due to the absorption merging of two corporations, Gintech Energy and Solartech Energy on October 1, 2018.

Aggregate information of associates that are not individually material was as follows:

	2018	2017
The Group's share of:		
Net loss for the year	\$ (7,625)	\$ (18,306)
Other comprehensive income for the year	<u>(36,641)</u>	<u>-</u>
Total comprehensive (loss) for the year	<u>\$ (44,266)</u>	<u>\$ (18,306)</u>

A valuation report of V5 Technology was received in the fourth quarter of 2017, the Group adjusted the initial accounting and tentative amount estimated at the acquisition date according to the valuation report.

The Group had recognized impairment loss of equity investment of Sunshine PV, an associate, so that the Group did not recognize any share of profit or loss of associates. However, based on the changes in the Group's share of equity of associates attributable to the Group was \$4,026 thousand, as of December 31, 2018.

The Group had recognized impairment loss of equity investment of Solar PV, an associate, so that the Group did not recognize any share of profit or loss of associates. However, based on the changes in the Group's share of equity of associates attributable to the Group was \$361 thousand, as of December 31, 2018.

b. Investments in joint ventures

	December 31	
	2018	2017
Joint ventures that are not individually material		
NSP ET CAP MN HOLDINGS LLC ("JV2")	\$ 63,088	\$ 61,202
CF MN DevCo One LLC ("DevCo One")	2,043	1,795
CF MN DevCo Two LLC ("DevCo Two")	<u>2,043</u>	<u>1,795</u>
	<u>\$ 67,174</u>	<u>\$ 64,792</u>

At the end of the reporting period, the proportion of ownership and voting rights in joint ventures held by the Corporation were as follows:

	December 31	
Name of Company	2018	2017
JV2 (Note 1)	67.00%	67.00%
DevCo One (Note 2)	40.00%	40.00%
DevCo Two (Note 2)	40.00%	40.00%

Note 1: NSP ET CAP MN HOLDINGS LLC (JV2) jointly invested in DelSolar US, a subsidiary of the Corporation, and ET Capital Solar Partners (USA), Inc. on December 28, 2015. As of December 31, 2018, the Group held a 67% equity interest in JV2 and two of three seats of JV2's board of directors. Based on the contractual arrangement between DelSolar US and ET Capital Solar Partners (USA), Inc., any material management decisions of JV2 shall be approved by the full board of directors. Therefore, DelSolar US concluded that it does not have control over JV2. In addition, as specified in the contractual arrangement, both DelSolar US and ET Capital Solar Partners (USA), Inc. have an equal percentage of profit distribution.

Note 2: DevCo One was jointly invested in by USD 1 and Novel Energy Solutions, LLC. DevCo Two was jointly invested in by USD 1 and Greenmark Solar, LLC. According to the contract, all of both DevCo One and DevCo Two's major management decisions are subject to the consent of all investors and hence the Group does not have control over DevCo One and DevCo Two. In addition, as specified in the contractual arrangement, both DevCo One and DevCo Two have a 40% profit distribution.

Aggregate information of joint ventures that are not individually material is as follows:

	2018	2017
The Corporation's share of:		
Net (loss) income for the year	\$ (17)	\$ 9,163
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ (17)</u>	<u>\$ 9,163</u>

The information of the main business, principal operating place and registry country of the above associates and joint ventures is shown in Table 7 "Information of investees".

Except for TSST and CFY, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the investment were calculated based on the financial statements that have been audited. Management believes there is no material impact on the financial statements that have not been audited.

The investments in the associates and joint ventures have been pledged as collateral for bank loans, refer to note 43.

20. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2018	2017
<u>Carrying amounts</u>		
Land	\$ 1,537,278	\$ 460,731
Buildings	6,978,763	1,774,910
Machinery and equipment	7,727,005	4,758,939
Research and development equipment	9,041	9,503
Office equipment	26,827	4,095
Transportation equipment	1,002	-
Rental assets	134,826	69,138
Leasehold improvements	709,728	10,597
Miscellaneous equipment	225,468	52,765
Advance payments and construction in progress	<u>2,706,592</u>	<u>4,022,221</u>
	<u>\$ 20,056,530</u>	<u>\$ 11,162,899</u>

Year Ended December 31, 2017							
	Balance, Beginning of Period	Acquired from Business Combinations	Additions	Deduction	Reclassification	Translation Adjustments	Balance, End of Period
<u>Cost</u>							
Land	\$ 534,450	\$ -	\$ -	\$ (92,559)	\$ 20,514	\$ (1,674)	\$ 460,731
Buildings	4,327,670	-	-	(99,820)	(1,468,862)	-	2,758,988
Machinery and equipment	15,465,286	-	102,466	(166,791)	718,610	(19,467)	16,100,104
Research and development equipment	63,735	-	167	(1,083)	38	-	62,857
Office equipment	59,394	-	78	(18,912)	(11,182)	(466)	28,912
Rental assets	180,408	-	-	-	-	(16,290)	164,118
Leasehold improvements	15,655	-	1,619	-	3,607	22	20,903
Miscellaneous equipment	351,352	-	2,444	(20,417)	(491)	(353)	332,535
Property under acceptance or construction	<u>2,824,476</u>	<u>674,595</u>	<u>3,876,206</u>	<u>(3,861,093)</u>	<u>653,525</u>	<u>(145,488)</u>	<u>4,022,221</u>
	<u>23,822,426</u>	<u>\$ 674,595</u>	<u>\$ 3,982,980</u>	<u>\$ (4,260,675)</u>	<u>\$ (84,241)</u>	<u>\$ (183,716)</u>	<u>23,951,369</u>
<u>Accumulated depreciation</u>							
Buildings	1,212,420	\$ -	\$ 184,167	\$ (27,757)	\$ (384,752)	\$ -	984,078
Machinery and equipment	9,577,239	-	1,462,225	(68,309)	(88,770)	1,682	10,884,067
Research and development equipment	41,541	-	12,768	(955)	-	-	53,354
Office equipment	49,691	-	4,371	(18,893)	(9,967)	(385)	24,817
Rental assets	84,008	-	20,377	-	-	(9,405)	94,980
Leasehold improvement	10,358	-	1,508	-	(1,565)	5	10,306
Miscellaneous equipment	<u>268,197</u>	-	<u>37,017</u>	<u>(17,416)</u>	<u>(8,028)</u>	-	<u>279,770</u>
	<u>11,243,454</u>	<u>\$ -</u>	<u>\$ 1,722,433</u>	<u>\$ (133,330)</u>	<u>\$ (493,082)</u>	<u>\$ (8,103)</u>	<u>12,331,372</u>
<u>Accumulated impairment</u>							
Machinery and equipment	480,877	\$ -	\$ 42,639	\$ (17,952)	\$ (48,466)	\$ -	457,098
Miscellaneous equipment	<u>891</u>	-	<u>1,030</u>	-	<u>(1,921)</u>	-	-
	<u>481,768</u>	<u>\$ -</u>	<u>\$ 43,669</u>	<u>\$ (17,952)</u>	<u>\$ (50,387)</u>	<u>\$ -</u>	<u>457,098</u>
	<u>\$ 12,097,204</u>						<u>\$ 11,162,899</u>
Year Ended December 31, 2018							
	Balance, Beginning of the Period	Acquired from Business Combinations	Additions	Deductions	Reclassifications	Translation Adjustments	Balance, End of Period
<u>Cost</u>							
Land	\$ 460,731	\$ 1,075,945	\$ -	\$ -	\$ -	\$ 602	\$ 1,537,278
Buildings	2,758,988	5,395,126	-	-	-	-	8,154,114
Machinery and equipment	16,100,104	4,502,972	87,658	(2,000)	131,853	(21,159)	20,799,428
Research and development equipment	62,857	6,259	-	-	450	-	69,566
Office equipment	28,912	12,530	5,227	(425)	9,380	360	55,984
Transportation equipment	-	1,088	-	-	-	-	1,088
Rental assets	164,118	-	82,684	-	-	7,512	254,314
Leasehold improvements	20,903	712,700	696	-	1,294	(181)	735,412
Miscellaneous equipment	332,535	216,673	1,541	(398)	4,141	(324)	554,168
Property under acceptance or construction	<u>4,022,221</u>	<u>274,980</u>	<u>2,202,613</u>	<u>(3,349,016)</u>	<u>(289,803)</u>	<u>103,547</u>	<u>2,964,542</u>
	<u>23,951,369</u>	<u>\$ 12,198,273</u>	<u>\$ 2,380,419</u>	<u>\$ (3,351,839)</u>	<u>\$ (142,685)</u>	<u>\$ 90,357</u>	<u>35,125,894</u>
<u>Accumulated depreciation</u>							
Buildings	984,078	\$ -	\$ 191,223	\$ -	\$ -	\$ 50	1,175,351
Machinery and equipment	10,884,067	-	1,743,533	(2,000)	-	(10,275)	12,615,325
Research and development equipment	53,354	-	7,171	-	-	-	60,525
Office equipment	24,817	-	4,454	(372)	-	258	29,157
Rental assets	94,980	-	20,220	-	-	4,288	119,488
Leasehold improvements	10,306	-	15,416	-	-	(38)	25,684
Transportation equipment	-	-	86	-	-	-	86
Miscellaneous equipment	<u>279,770</u>	-	<u>49,453</u>	<u>(398)</u>	-	<u>(124)</u>	<u>328,701</u>
	<u>12,331,372</u>	<u>\$ -</u>	<u>\$ 2,031,556</u>	<u>\$ (2,770)</u>	<u>\$ -</u>	<u>\$ (5,841)</u>	<u>14,354,317</u>
<u>Accumulated impairment</u>							
Machinery and equipment	457,098	\$ -	\$ -	\$ -	\$ -	\$ -	457,098
Inspection-awaited equipment and construction in progress	-	-	257,949	-	-	-	257,949
	<u>457,098</u>	<u>\$ -</u>	<u>\$ 257,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>715,047</u>
	<u>\$ 11,162,899</u>						<u>\$ 20,056,530</u>

Due to the estimated decline in the net realizable value of the material module of the second phase solar power plant owned by the subsidiary of the Group in Dominica, the Group recognized an impairment loss of \$257,949 thousand in other income and expenses for the year ended December 31, 2018. The fair value of the recoverable amount was categorized as a Level 3 measurement and was measured using the market approach. The key assumptions included the market quotation of the same type of module and the economic residual value to estimate the selling price.

For the impairment loss recognized and related disclosures in 2017, refer to Note 17.

Property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives of the assets:

Buildings	15-21 years
Machinery and equipment	4-11 years
Research and development equipment	4-6 years
Office equipment	3-4 years
Rental assets	10 years
Leasehold improvements	4-11 years
Transportation Equipment	3-5 years
Miscellaneous equipment	3-16 years

The major components of the buildings held by the Group included plants and electric-powered machinery, which are depreciated over their estimated useful lives of 15 to 21 years.

Refer to Note 43 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings.

For the year ended December 31, 2018, the deductions included the transfer to finance lease receivables of \$2,823,866 thousand, the disposal of property, plant and equipment of \$53 thousand, and the transfer due to disposal of subsidiaries of \$525,150 thousand.

For the year ended December 31, 2018, there were reclassifications from inventory of \$109,854 thousand from prepayment for equipment \$3,037 thousand; from property under acceptance or construction of \$255,846 thousand to other expenses.

For the year ended December 31, 2017, the deductions were amounts transferred to finance lease receivables of \$3,762,665 thousand, purchase discount and adjustment to cost of property, plant and equipment of \$41,442 thousand, disposal of property, plant and equipment of \$117,827 thousand, and amount transferred from disposal of subsidiaries \$187,479 thousand.

For the year ended December 31, 2017, there were reclassifications from power facility construction in progress of \$1,844,413 thousand to property under acceptance or construction, from power facility construction in progress of \$20,514 thousand to land; from property under acceptance or construction of \$7,313 thousand to other expenses and from building, machinery, equipment and miscellaneous equipment of \$1,398,386 thousand to non-current assets classified as held for sale.

21. INTANGIBLE ASSETS

	December 31	
	2018	2017
<u>Carrying amounts of each class</u>		
Contracts with consultants	\$ 135,606	\$ 141,805
Contracts with customers	37,365	106,455
Goodwill	11,969	11,622
Software	2,836	-
Patents	1,202	-
Brands	-	-
Others	<u>13,984</u>	<u>1,468</u>
	<u>\$ 202,962</u>	<u>\$ 261,350</u>

For the Year Ended December 31, 2017							
	Contracts with Consultants	Goodwill	Contracts with Customers	Brands	Patents	Others	Total
Cost							
Balance at January 1	\$ 166,140	\$ 46,064	\$ 87,501	\$ 133,790	\$ 596	\$ 1,587	\$ 435,597
Acquired from business combinations	-	-	109,415	-	-	-	109,415
Acquired fair value adjustment	-	(32,601)	-	-	-	-	(32,601)
Disposal of subsidiaries	-	(893)	(82,504)	(89,408)	(596)	-	(173,401)
Translation adjustments	(12,512)	(948)	(7,511)	-	-	(119)	(21,090)
Balance at December 31	<u>(153,628)</u>	<u>11,622</u>	<u>106,901</u>	<u>44,301</u>	<u>-</u>	<u>1,468</u>	<u>317,920</u>
Accumulated amortization							
Balance at January 1	-	-	-	102,551	167	-	120,718
Amortization	12,045	-	1,498	2,386	29	-	15,958
Disposal of subsidiaries	-	-	(1,031)	(78,636)	(196)	-	(79,863)
Translation adjustments	(222)	-	(21)	-	-	-	(243)
Balance at December 31	<u>11,823</u>	<u>-</u>	<u>446</u>	<u>44,301</u>	<u>-</u>	<u>-</u>	<u>56,570</u>
	<u>\$ 141,805</u>	<u>\$ 11,622</u>	<u>\$ 106,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,468</u>	<u>\$ 261,350</u>

Year Ended December 31, 2018								
	Contracts with Consultants	Goodwill	Contracts with Customers	Brands	Patents	Software	Others	Total
Cost								
Balance at January 1	\$ 153,628	\$ 11,622	\$ 106,901	\$ 44,301	\$ -	\$ -	\$ 1,468	\$ 317,920
Acquired from Business Combinations	-	-	-	-	1,250	2,493	13,888	17,631
Additions	-	-	3,074	-	-	665	-	3,739
Disposal of subsidiaries	-	-	(74,532)	-	-	-	-	(74,532)
Translation adjustments	4,591	347	4,509	-	-	-	112	9,559
Balance at December 31	<u>158,219</u>	<u>11,969</u>	<u>39,952</u>	<u>44,301</u>	<u>1,250</u>	<u>3,158</u>	<u>15,468</u>	<u>274,317</u>
Accumulated amortization								
Balance at January 1	11,823	-	446	44,301	-	-	-	56,570
Amortization	10,245	-	4,586	-	48	322	1,477	16,678
Disposal of subsidiaries	-	-	(2,447)	-	-	-	-	(2,447)
Translation adjustments	545	-	2	-	-	-	7	554
Balance at December 31	<u>22,613</u>	<u>-</u>	<u>2,587</u>	<u>44,301</u>	<u>48</u>	<u>322</u>	<u>1,484</u>	<u>71,355</u>
	<u>\$ 135,606</u>	<u>\$ 11,969</u>	<u>\$ 37,365</u>	<u>\$ -</u>	<u>\$ 1,202</u>	<u>\$ 2,836</u>	<u>\$ 13,984</u>	<u>\$ 202,962</u>

Contracts with consultants are for the on-going management and long-term maintenance of the power station.

Contracts with customers were long-term electricity purchase agreements that the Group entered into with local power companies and with expected 20-year revenue generation from sale of electricity.

The above items of intangible assets are amortized on a straight-line basis over 1 to 15.16 years.

A valuation report received in 2017 indicated that the fair value of non-controlling interest of CFGP and fair value of identifiable net assets acquired is \$146,321 thousand. The Corporation adjusted the initial accounting and tentative amount estimated at the acquisition date.

For the year ended December 31, 2018 and 2017, the Group did not recognize any impairment loss.

No intangible assets were pledged as collateral for the Group's bank loans.

22. PREPAYMENTS FOR LEASES

	December 31	
	2018	2017
Current assets	\$ 4,748	\$ 12,117
Non-current assets	<u>19,469</u>	<u>19,700</u>
	<u>\$ 24,217</u>	<u>\$ 31,817</u>

Prepayments for leases, which mainly included land use rights paid for power facilities construction in the U.S., were amortized on a straight-line basis over 30 years. As of December 31, 2018 and 2017, such land use rights amounted to \$19,469 thousand and \$19,700 thousand, respectively. The Group had obtained the certificates of land use rights.

23. PREPAYMENTS AND OTHER ASSETS

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Prepayments</u>		
Payments in advance	\$ 2,286,892	\$ 828,595
Prepayments for equipment	311,706	246,895
Others	<u>547,164</u>	<u>139,857</u>
	<u>\$ 3,145,762</u>	<u>\$ 1,215,347</u>
<u>Other assets</u>		
Restricted assets	\$ 3,701,289	\$ 2,386,553
Pledged time deposits	595,018	209,277
Temporary payment	264,385	18,395
Others	<u>620,005</u>	<u>406,193</u>
	<u>\$ 5,180,697</u>	<u>\$ 3,020,418</u>
<u>Prepayments</u>		
Current	\$ 638,326	\$ 205,275
Non-current	<u>2,507,436</u>	<u>1,010,072</u>
	<u>\$ 3,145,762</u>	<u>\$ 1,215,347</u>
<u>Other assets</u>		
Current	\$ 4,981,243	\$ 1,079,956
Non-current	<u>199,454</u>	<u>1,940,462</u>
	<u>\$ 5,180,697</u>	<u>\$ 3,020,418</u>

The Group recognized impairment loss on prepayments after assessment; for further disclosures, refer to Note 44.

24. LOANS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Secured borrowings</u>		
Bank loans	\$ 270,000	\$ 180,528
Non-financial loans	<u>41,808</u>	<u>83,592</u>
	311,808	264,120
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>6,557,820</u>	<u>7,965,195</u>
	<u>\$ 6,869,628</u>	<u>\$ 8,229,315</u>

- 1) The range of weighted average effective interest rates on bank loans was 0.8800%-4.0698% and 0.8000%-6.0000% per annum as of December 31, 2018 and 2017, respectively.
- 2) The secured non-financial loans were the refundable deposits that were pledged as collateral for loans to Co-operative Assets Management Co., Ltd. Robina Finance & Leasing Corp. The borrowing rate were 4.1096%-6.5000% and 3.7500% as of December 31, 2018 and 2017, respectively.
- 3) The unused amounts of short-term bank loan facilities were \$5,227,083 thousand and \$4,041,472 thousand, as of December 31, 2018 and 2017, respectively.
- 4) The assets pledged as collaterals for short-term bank loans are shown in Note 43.

b. Short-term bills payable

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Commercial papers	\$ 276,600	\$ 607,100
Less: Unamortized discount on bills payable	<u>(164)</u>	<u>(704)</u>
	<u>\$ 276,436</u>	<u>\$ 606,396</u>

Outstanding short-term bills payable were as follows:

December 31, 2018

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
<u>Commercial papers</u>				
International Bills Finance Corporation	\$ 163,200	\$ 78	\$ 163,122	0.700%
International Bills Finance Corporation	113,400	86	113,314	2.490%

December 31, 2017

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
<u>Commercial papers</u>				
International Bills Finance Corporation	\$ 307,100	\$ 254	\$ 306,846	0.600%
International Bills Finance Corporation	50,000	4	49,996	2.290%
Taiwan Cooperative Bills Finance Corporation	200,000	415	199,585	0.972%
Taiwan Cooperative Bills Finance Corporation	50,000	31	49,969	2.200%

The Corporation did not pledge any asset as collateral for the short-term bills payable.

c. Long-term bank loans

	December 31	
	2018	2017
Secured loan		
3.6 billion syndicated loan from Mega Bank (1)	\$ 2,832,000	\$ -
4.2 billion syndicated loan from First Bank (1)	2,570,000	-
4.5 billion syndicated loan from First Bank (1)	2,369,560	-
3.3 billion syndicated loan from Taiwan Cooperative Bank	1,327,550	2,160,000
FMO & DEG Bank	1,149,430	-
Cathy Bank	796,164	554,844
CTBC Bank loan (1)	412,458	-
KGI Bank loan	250,000	-
Taiwan Cooperative Bank loan (1)	210,022	-
0.55 billion syndicated loan from First Bank (1)	178,750	-
Mega Bank	95,110	-
Yuanta bank	72,191	78,218
Far Eastern Bank	68,535	151,621
Union Bank of Taiwan loan (1)	11,660	-
EnTie bank	-	119,030
Unsecured loan		
King's Town Bank	1,210,000	1,470,000
0.5 billion syndicated loan from First Bank (1)	337,500	-
The Shanghai Commercial & Savings Bank (1)	107,407	-
First Bank loan (1)	23,515	-
Cota Commercial Bank loan (1)	16,664	-
Other borrowings		
Machinery and equipment Financing from EQUVO Pte., Ltd.	672,941	-
IMPA (2)	554,631	58,120
Robina Ventures Incorporation	102,949	54,682
Inventory Financing from JihSun International Leasing & Finance Co., Ltd.	90,370	-
Chailease International Financial Services. Co., Ltd.	81,384	255,507

(Continued)

	December 31	
	2018	2017
Inventory Financing from Hotai Finance Corporation	\$ 77,344	\$ -
Inventory Financing from Taichung Bank Leasing & Finance Co., Ltd	71,555	-
Credit loan from IBT Leasing Corporation Limited	59,714	16,807
Credit loan from JihSun International Leasing & Finance Co., Ltd.	23,799	50,000
Credit loan from Taichung Bank Leasing & Finance Co., Ltd.	23,477	48,005
Inventory Financing from IBT Leasing Corporation Limited	7,327	83,777
inventory Financing from Robina Finance Leasing Corporation Limited	-	150,000
	<u>15,804,007</u>	<u>5,250,611</u>
Less: Current portion	<u>(6,275,497)</u>	<u>(3,092,575)</u>
	<u>\$ 9,528,510</u>	<u>\$ 2,158,036</u>
The range of interest rate	1.6894%- 7.8200%	1.6200%- 6.5000%
The period of contracts	December 30, 2014 to November 1, 2043	July 31, 2015 to November 29, 2042
		(Concluded)

Note 1: Acquisitions through business combinations of Gintech Energy and Solartech Energy on October 1, 2018.

Note 2: MEGASIXTEEN and TEV II entered into a long-term contract with IMPA for a term of 25 years. A derivative, which has a right to sell, as a liability, was embedded in the host contract. Such right was designated on initial recognition as one to be measured at fair value through profit or loss; the embedded derivative was required to be separated from the host contract as the economic characteristics of the embedded derivative were not closely related to those of the host contract, resulting in an approximate effective interest rate of 11.08% and 11.38%, respectively.

1) The bank borrowing restrictions are as follows:

Short-term borrowings

During the credit period, while the power facilities are in operation, the agreement on the Cathay Bank secured loans requires the maintenance of certain financial ratios based on annual nonconsolidated financial statements of ASSET THREE and its subsidiaries and MEGATHIRTEEN. The related restrictions are as follows:

- a) The interest coverage ratio should not be less than 110%; and
- b) Debt service coverage ratio of [(Income before tax + Depreciation + Amortization + Interest expense + Reserve funds) ÷ principal and interest paid in the current year] should not be less than 150%.

If ASSET THREE and MEGATHIRTEEN fails to achieve the above financial ratios, the bank will demand immediate payment of the loan from ASSET THREE and MEGATHIRTEEN. As of December 31, 2018, the borrowings amounted to \$137,937 thousand were all reclassified to

long-term loans. As of December 31, 2017, such requirements were not applicable since the power facility was not in operation before the commercial operation date.

During the credit period, the agreement on the Taiwan Cooperative Bank, EnTie Commercial Bank and Yuanta Commercial Bank syndicated loans requires the maintenance of certain financial ratios based on the Corporation's annual and semiannual nonconsolidated financial reports. The related restrictions are as follows:

- a) Current ratio (Current assets ÷ Current liabilities): At least 100%;
- b) Debt to equity ratio (Total liabilities ÷ Tangible net worth): No more than 300% and 125%;
- c) Interest coverage ratio [(Income before tax + Depreciation + Amortization + Interest expense) ÷ Interest expense]: At least 100%; and
- d) Tangible net worth: At least \$2 billion and \$10 billion.

The Corporation and GES were not in compliance with the above loan requirements as shown in their nonconsolidated and consolidated financial statements as of December 31, 2018 and 2017. However, during the grace period from the date that the nonconsolidated and consolidated financial statements were authorized for issue until the date that the nonconsolidated and consolidated financial statements as of and for the year ended December 31, 2018 are authorized for issue, such situation will not constitute a breach of the agreements, but GES shall pay an additional 0.2% interest per annum based on the loan balance according to the loan agreements. In addition, should the Corporation and GES fail to achieve the financial ratios in the next examination, the lender will demand 15% of the total borrowing amounts as reserve funds and an extra 0.2% interest will be charged until the Corporation and GES attain the required ratios. According to the agreement, GES has deposited amounts of \$83,244 thousand and \$117,150 thousand as of December 31, 2018 and 2017, respectively.

Long-term borrowings

During the credit period, the agreement on the Mega Bank syndicated loans requires the maintenance of certain financial ratios based on the Corporation's annual and semiannual nonconsolidated financial reports. The related restrictions are as follows:

- a) Current ratio (Current assets ÷ Current liabilities): At least 100%; and
- b) Debt to equity ratio (Total liabilities and the guarantee balance ÷ Tangible net worth): No more than 150%;

The Corporation did not violate the required financial ratios as of December 31, 2018.

During the credit period, from 2019, the agreement on the First Bank syndicated loans requires the maintenance of certain financial ratios based on the Corporation's annual and semiannual nonconsolidated financial reports. The related restrictions are as follows:

- a) Current ratio (Current assets ÷ Current liabilities): At least 100%;
- b) Debt to equity ratio (Total liabilities and the guarantee balance ÷ Tangible net worth): No more than 120%;
- c) Interest coverage ratio [(Income before tax + Depreciation + Amortization + Interest expense) ÷ Interest expense]: At least 1; and
- d) Tangible net worth: At least \$6 billion.

During the credit period, the agreement on the Frist Bank NT\$4.5 billion syndicated loans requires the maintenance of certain financial ratios based on Utech's annual and semiannual nonconsolidated financial reports. The related restrictions are as follows:

- a) The current ratio (ratio of current assets to current liabilities) should not be less than 100%;
- b) The leverage ratio (ratio of total liabilities to tangible net worth) should not exceed 250% and 200%, as of 2018 and 2019, respectively;
- c) The interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ interest expense] at least 4; and
- d) Tangible net worth (net worth - intangible assets) should be at least \$1.2 billion and \$1.3 billion, as of 2018 and 2019, respectively.

Utech did not meet the required current ratio, interest coverage ratio and tangible net worth as of December 31, 2018. An additional interest should be accrued during the improvement period, from December 31, 2018 to December 31, 2019, and such situation will not constitute a breach of the agreements.

During the credit period, the agreement on the Taiwan Cooperative Bank syndicated loans requires the maintenance of certain financial ratios based on the Corporation's annual and semiannual nonconsolidated financial reports. The related restrictions are as follows:

- a) Current ratio (Current assets ÷ Current liabilities): At least 100%;
- b) Debt to equity ratio (Total liabilities and the guarantee balance ÷ Tangible net worth): No more than 125%;
- c) Interest coverage ratio [(Income before tax + Depreciation + Amortization + Interest expense) ÷ Interest expense]: At least 3; and
- d) Tangible net worth: At least \$10 billion.

The Corporation did not violate the required financial ratios as of December 31, 2018.

The Corporation did not meet the required current ratio, debt to equity ratio and interest coverage ratio as of December 31, 2017; thus, the Corporation paid the related compensation expenses under the loan agreements during 2018.

Under the syndicated loan agreement with FMO Bank and DEG Bank, JRC should comply with all of the following financial covenants in its annual and semiannual consolidated financial statements:

- a) The leverage ratio (ratio of total liabilities to tangible net worth) should not exceed 233%;
- b) The interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ principal and interest paid in current year] should not be less than 115%; and
- c) The balance of reserve funds should not be less than US\$ 3,000 thousand.

JRC did not meet the required financial covenants as of December 31, 2018. JRC has deposited reserve funds, and such situations will not constitute a breach of the agreements.

During the credit period, the agreement on the Cathay Bank secured loans requires the maintenance of certain financial ratios based on annual nonconsolidated financial reports of ET ENERGY, CEDAR FALLS, RER CT 57, MEGAEIGHT, MEGATWELVE and MEGATHIRTEEN. The related restrictions are as follows:

- a) Debt service coverage ratio [(Income before tax + Depreciation + Amortization + Interest expense) ÷ principal and interest paid in the current year]: DSCR no less than 110% or 120%;

The companies mentioned above did not meet the required debt service coverage ratio, under the loan agreements, the bank could increase the amount of reserve funds and they have deposited US\$751 thousand (NT\$23,096 thousand) as reserve funds, and such situations will not constitute a breach of the agreements.

For the credit duration, the agreement on the Cathay Bank secured loans requires the maintenance of certain financial ratios based on the consolidated financial reports of GES USA. The related restrictions are as follows:

- a) Current ratio (Current assets ÷ Current liabilities): At least 100%; and
- b) Debt to equity ratio (Total liabilities ÷ Tangible net worth): No more than 300%.

GES USA did not violate the required financial ratios as of December 31, 2018.

GES USA did not meet the required debt service coverage ratio as of December 31, 2017, but it has applied to the bank for the exemption; under the loan agreements, the bank could increase the amount of reserve funds or reduce the loan quota, and such situation will not constitute a breach of the agreements.

Under the long-term loan agreement with Far Eastern International Bank, GES is a guarantor for Yong Liang and Yong Yeh; the Group should be in compliance with all of the following financial covenants in its annual and semiannual consolidated financial statements:

- a) The leverage ratio (ratio of total liabilities to tangible net worth) should not exceed 150%; and
- b) Tangible net worth should be at least \$1.1 billion.

During the credit period, the agreement on the Far Eastern International Bank and EnTie Commercial Bank syndicated loans with Yong Han requires the maintenance of certain financial ratios based on the Corporation's annual and semiannual consolidated financial reports. The related restrictions are as follows:

- a) The current ratio (ratio of current assets to current liabilities) should not be less than 100%;
- b) The leverage ratio (ratio of total liabilities to tangible net worth) should not exceed 300%;
- c) The interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ interest expense] should not be less than 100%; and
- d) Tangible net worth should be at least \$2 billion.

The long-term loans of Yong Han and Yong Yue as mentioned above were sold to associate-New Cathay at the end of March, 2018. And the sale was carried out with the long-term loans.

As of December 31, 2018 and 2017, Yong Han did not meet the financial ratio required by the syndicated loan agreement. According to the agreement, when the Group breaches any agreed financial ratios, it should improve the ratios during the grace period from the date that the 2018 consolidated financial statements were authorized for issue. An additional 0.1% interest should be accrued during the improvement period, and such situations will not constitute a breach of the agreements.

The assets pledged as collaterals for long-term bank loans are shown in Note 43.

The unused amounts of long-term bank loan facilities were NT\$901,905 thousand and NT\$1,354,271 thousand as of December 31, 2018 and 2017, respectively.

2) Other loan restrictions are as follows:

a) Under its agreement with IMPA, GES estimated that the fair value of its call option was US\$3,150 thousand (roughly NT\$94,014 thousand) at the date the agreement was signed in December 2017. The revalued fair value at December 31, 2018 was US\$2,701 thousand (roughly NT\$83,032 thousand). The fair values were estimated using the Black-Scholes pricing model under the following assumptions:

- i. The executed price was approximately US\$13,347 thousand (measured by reference to the flip date fair value);
- ii. The expected volatility was 18% and 17%, respectively;
- iii. The expected term of the option was 4 years and 5 years, respectively; and
- iv. Risk-free interest rate was 2.8% and 2.2%, respectively.

The expected volatility was derived from the average historical share volatilities of the entity and a peer group of public companies within the Group's industry which it considers to be comparable to its business over the period. The expected term of share options represents the period that the entity issues the shares until the flip date. The risk-free interest rate is based on the U.S. Treasury yield curve.

b) Under its agreement with IMPA, GES estimated that the fair value of its call option was US\$3,538 thousand (roughly NT\$108,758 thousand) at the date the agreement was signed in November 2017. The fair values were estimated using the Black-Scholes pricing model under the following assumptions:

- i. The executed price was approximately US\$14,051 thousand (measured by reference to the Flip Date fair value);
- ii. The expected volatility was 18%;
- iii. The expected term of the option was 5.5 years; and
- iv. Risk-free interest rate was 2.9%.

In 2018, GES recognized \$13,540 thousand of unrealized gain on financial liabilities at fair value through profit or loss, which was classified under "Gain on financial liabilities (assets) at fair value through profit or loss".

- c) The Group entered into a loan agreement with IBT Leasing Co., Ltd., Jih Sun International Leasing & Finance Co., Ltd. and other non-financial institutions. Notes payable were used by the Group to repay the outstanding principal amount, including interest, in equal installments; as of December 31, 2018 and 2017, the sum of all outstanding installments were \$342,353 thousand and \$360,038 thousand, including interest amounting to \$7,439 thousand and \$11,412 thousand, respectively.

d. Preference share liabilities

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Class A preference shares	\$ 60,051	\$ 34,949
Translation adjustments	913	-
Less: Current portion	<u>(16,481)</u>	<u>(8,530)</u>
	<u>\$ 44,483</u>	<u>\$ 26,419</u>

1) Class A preference shares

For the purpose of tax deductions, the contents of the agreement included two parts as follows:

- a) MEGASIXTEEN, a US subsidiary of GES, entered into a contract with MPC, a non-controlling interest, to setup a startup company, GES AC, in order to carry out the solar energy business and activities through its five limited liability companies; all of those limited liability companies entered into a 25-year sales contract with IMPA for the sale of electricity. As of December 31, 2018, the amount of injection from MPC and MEGASIXTEEN into Class A shares and Class B shares, respectively, are as follows:
- i. Class A shares: MPC owns 32.41% of GES AC's outstanding common shares, amounting to US\$11,920 thousand (roughly NT\$347,105 thousand) and US\$3,113 thousand (roughly NT\$92,917 thousand). MPC will be given priority to receive 0.65% of the accumulated cash dividends with a fixed asset management fee on a quarterly basis. The Class A shareholders have voting rights and are entitled to 99% of the profit sharing during the first five years of GES AC's business operations.
 - ii. Class B shares: MEGASIXTEEN owns 67.59% of GES AC's outstanding common shares, amounting to US\$24,862 thousand (roughly NT\$723,987 thousand) and US\$5,887 thousand (roughly NT\$175,715 thousand). The Class B shareholders have voting rights, and GES AC's financial management and control remains under the control of Class B shareholders and is subject to a managing member fee. MEGASIXTEEN will receive 1% of the profit sharing during the first five years of GES AC's business operations.

The contract contained a financial liability component, which was not closely related to the host contract, amounting to \$34,949 thousand. The obligation was designated on initial recognition as one to be classified as "Preference shares - current and non-current liabilities".

For 2018 and 2017, the Group paid preference share dividends of US\$32 thousand (roughly NT\$922 thousand) and zero, respectively, which was classified under "Finance costs - Puttable preference shares"; the Group paid the agreed amount in the form of cash dividends and a fixed asset management fee of US\$317 thousand (roughly NT\$9,576 thousand) as repayments of Class A preference shares. Cash dividends of US\$53 thousand (roughly NT\$1,639 thousand) were not yet paid out by the Group, and this was classified under "Other payables".

Five limited liability companies within GES AC estimated the fair value of total shareholdings to be US\$13,433 thousand (roughly NT\$412,941 thousand) and US\$14,027 thousand (roughly NT\$418,678 thousand), as of December 31, 2018 and 2017, respectively; the fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data; therefore the entities made estimates and judgments about their fair values using an income approach defined as using Level 3 inputs under IFRS 13 fair value measurement standards. The fair values using the Level 3 fair value measurement standards were estimated using the following significant assumptions, as of December 31, 2018 and 2017:

- i. A discount rate of 7% and 6.8%, respectively;
- ii. Final valuation based on a 0.5% lapse rate of tariff rates on long-term sales of electricity; and
- iii. Financial multipliers by peer companies.

MEGASIXTEEN has the preferred rights to repurchase all Class A shares at the higher of the fair value or 5.5% of the amount of capital injection by MPC which is the value applicable under the contract; MEGASIXTEEN is expected to have such rights for a certain period of time starting from the flip date (December 2022). The long call option is estimated at a fair value of US\$3,948 thousand (equivalent to approximately NT\$117,840 thousand) and reevaluated at a fair value of US\$3,760 thousand (equivalent to approximately NT\$115,587 thousand) at December 31, 2018, using the Black-Scholes pricing model with the following significant assumptions:

- i. The executed price of approximately US\$656 thousand (measured by reference to the flip date fair value);
- ii. The expected volatility of 18%~17%, respectively;
- iii. The expected term of the option of 4 years and 5 years, respectively; and
- iv. A risk-free interest rate of 2.8% and 2.2%, respectively.

The expected volatility is derived from the average historical share volatilities of the entity and a peer group of public companies within the entity's industry that the Group considers to be comparable to the entity's business over a period. The expected term of share options represents the period that the entity issues the shares to the flip date. The risk-free interest rate is based on the U.S. Treasury yield curve.

- b) A US subsidiary of GES had injected capital in TEV II, and owned 50% legal right, and reinvested into TEV Solar to own 100% right. In order to carry out the solar energy business and activities through its three limited liability companies, a US subsidiary of GES entered into a contract with ACS, a non-controlling interest, to setup a startup company, AC GES Solar; all of those limited liability companies entered into a 25-year sales contract with IMPA for the sale of electricity. As of December 31, 2018, the amount of injection from ACS and TEV solar into Class A shares and Class B shares, respectively, are as follows:
 - i. Class A shares: ACS owns 33.81% of AC GES Solar's outstanding common shares, amounting to US\$10,051 thousand (roughly NT\$308,970 thousand). ACS will be given priority to receive 0.675% of the accumulated cash dividends with a fixed asset management fee on a quarterly basis. The Class A shareholders have voting rights and are entitled to 99% of the profit sharing during the first five and half years of AC GES Solar's business operations.

- ii. Class B shares: A US subsidiary of GES owns 66.19% of AC GES Solar's outstanding common shares, amounting to US\$19,674 thousand (roughly NT\$604,780 thousand). The Class B shareholders have voting rights, and AC GES Solar's financial management and control remains under the control of Class B shareholders and is subject to a managing member fee. A US subsidiary of GES will receive 1% of the profit sharing during the first five and half years of AC GES Solar's business operations.

The contract contained a financial liability component, which was not closely related to the host contract, amounting to \$33,756 thousand. The obligation was designated on initial recognition as one to be classified as "Preference shares - current and non-current liabilities".

Three limited liability companies within AC GES Solar estimated the fair value of total shareholdings to be US\$14,050 thousand (roughly NT\$431,901 thousand) as of December 31, 2018; the fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data; therefore the entities made estimates and judgments about their fair values using an income approach defined as using Level 3 inputs under IFRS 13 fair value measurement standards. The fair values using the Level 3 fair value measurement standards were estimated using the following significant assumptions, as of December 31, 2018:

- i. A discount rate of 7%;
- ii. Final valuation based on a 0.5% lapse rate of tariff rates on long-term sales of electricity; and
- iii. Financial multipliers by peer companies.

TEV Solar has the preferred rights to repurchase all Class A shares at the higher of the fair value or 7% of the amount of capital injection by ACS which is the value applicable under the contract; TEV Solar is expected to have such rights for a certain period of time starting from the flip date (June 2024). The long call option is estimated at a fair value of US\$4,149 thousand (equivalent to approximately NT\$127,543 thousand) at December 31, 2018, using the Black-Scholes pricing model with the following significant assumptions:

- i. The executed price of approximately US\$704 thousand (measured by reference to the flip date fair value);
- ii. The expected volatility of 18%;
- iii. The expected term of the option of 5.5 years; and
- iv. A risk-free interest rate of 2.9%, respectively.

The expected volatility is derived from the average historical share volatilities of the entity and a peer group of public companies within the entity's industry that the Group considers to be comparable to the entity's business over a period. The expected term of share options represents the period that the entity issues the shares to the flip date. The risk-free interest rate is based on the U.S. Treasury yield curve.

As of December 31, 2018 and 2017, GES recognized \$5,669 thousand and zero loss on financial liabilities at fair value through profit or loss, which was classified under "Loss on financial liabilities (assets) at fair value through profit or loss".

2) Non-convertible Non-participating Redeemable Fixed Rate Cumulative First Preference Shares, Series A (“First Preference Shares, Series A”):

In their meeting on June 27, 2014, GES’s shareholders proposed to offer First Preference Shares, Series A (“FP Shares”); on October 24, 2014, GES’s board of directors approved the issuance of these shares at a premium price of \$50 per share, with an aggregate amount of \$470,000 thousand.

The FP Shares are entitled to receive fixed cumulative preferential cash dividends at a rate of 5%, equal to \$50 per share per annum. If profit is not sufficient to make distributions on these shares, the shortfall will be carried over to the next year.

The FP Shares are entitled to preferential cash dividends only, and the shareholders do not have rights to participate in or claim a part of the surplus profits of GES.

The FP Shares’ shareholders have a claim on the liquidation proceeds of a share Corporation equal to its par value. This claim has priority over that of ordinary shareholders, who have only a residual claim.

FP Shares’ shareholders do not have voting rights.

The FP Shares’ shareholders and ordinary shareholders have the same pre-emption rights when GES increases its capital by offering new ordinary shares.

Within three years after the FP Shares issuance date, GES has the option to redeem for cash all of the outstanding FP Shares. If this redemption does not take place, the rights and obligations of outstanding FP Shares will be extended until redemption.

GES’s board of directors approved the redemption and cancellation of FP Shares on August 4, 2017. The cancellation date and dividend distribution date was both on October 24, 2017. The cancellation of the FP shares and the 100% redemption for cash amounted to \$537,232 thousand, calculated by the issuance amount of \$470,000 thousand and unpaid dividends on the FP Shares of \$67,232 thousand accumulated to October 23, 2017.

25. BONDS PAYABLE

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
Secured overseas convertible bonds (a)	\$ 3,614,497	\$ 3,425,011
Less: Current portion	<u>(3,614,497)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 3,425,011</u>

a. Secured overseas convertible bonds

On October 27, 2016, the Corporation issued the third secured overseas convertible bonds, listed on the Singapore Exchange. The convertible bonds contained the host liability instrument, the conversion option and derivative instrument of redemption option. The effective interest rate of the host liability instrument on initial recognition was 3.186% per annum, and the conversion option derivative instruments were measured at fair value through profit or loss.

Movements of the host liability instrument, the conversion option and derivative instrument of the redemption option are as follows:

	Host Liability Instrument		Conversion Option and Derivative Instrument of Redemption Option	
	US\$	NT\$	US\$	NT\$
Date of issue	\$ 111,553	\$ 3,518,939	\$ 5,532	\$ 174,728
Rate adjusted	-	81,974	-	8
Interest charged at an effective interest rate	631	20,244	-	-
Accrued interest payable	(160)	(5,119)	-	-
Loss due to changes in fair value	-	-	(5,520)	(174,349)
Balance at December 31, 2016	112,024	3,616,038	12	387
Rate adjusted	-	(273,624)	-	-
Interest charged at an effective interest rate	3,627	109,977	-	-
Accrued interest payable	(903)	(27,380)	-	-
Loss due to changes in fair value	-	-	(12)	(387)
Balance at December 31, 2017	114,748	3,425,011	-	-
Rate adjusted	-	103,951	-	-
Interest charged at an effective interest rate	3,744	112,981	-	-
Accrued interest payable	(909)	(27,446)	-	-
Loss due to changes in fair value	-	-	-	-
Balance at December 31, 2018	<u>\$ 117,583</u>	<u>\$ 3,614,497</u>	<u>\$ -</u>	<u>\$ -</u>

The agreement of ING Bank requires the maintenance of certain financial ratios during the conversion period of the third secured overseas convertible bonds based on the Corporation's annual and semiannual unconsolidated financial reports. The related restrictions are as follows:

- 1) Current ratio (Current assets ÷ Current liabilities): At least 110%;
- 2) Debt to equity ratio (Total liabilities ÷ Total tangible net worth): No more than 125%, where contingent liabilities are included when total liabilities are calculated;
- 3) Interest coverage ratio [(Income before tax + Depreciation + Amortization + Interest expense) ÷ Interest expense]: At least 3; and
- 4) Tangible net worth: At least \$10 billion..

The Corporation did not violate the required financial ratios as of December 31, 2018.

The Corporation did not meet the required current ratio, debt to equity ratio and tangible net worth as of December 31, 2017; thus, the Corporation transferred \$1,861,336 thousand into the escrow account as required under the loan agreement, respectively. The Corporation was in compliance with the above ratio requirements except for the current ratio, debt to equity ratio and interest coverage ratio; though the financial ratios did not meet this requirement, it was not considered a breach of the agreement.

The assets pledged as collaterals for bonds payable are shown in Note 43.

26. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Accrued expenses</u>		
Bonus	\$ 284,718	\$ 152,376
Loss on contracts	260,480	851,730
Salaries	221,354	112,328
Interest	133,996	361,711
Others	<u>1,192,561</u>	<u>1,058,796</u>
	<u>\$ 2,093,109</u>	<u>\$ 2,536,941</u>
<u>Other liabilities</u>		
Deferred revenue	\$ 245,677	\$ 200,165
Advance receipts from customers	94,832	73,522
Others	<u>21,606</u>	<u>14,478</u>
	<u>\$ 362,115</u>	<u>\$ 288,165</u>
Current	\$ 131,650	\$ 98,835
Non-current	<u>230,465</u>	<u>189,330</u>
	<u>\$ 362,115</u>	<u>\$ 288,165</u>

27. PROVISIONS

	<u>December 31</u>	
	<u>2018</u>	<u>2017</u>
<u>Current</u>		
Customer returns and rebates	<u>\$ -</u>	<u>\$ 1,609</u>
<u>Non-current</u>		
Warranties	<u>\$ 305,138</u>	<u>\$ 246,033</u>
<u>Customer returns and rebates</u>		
Balance at January 1	\$ 1,609	\$ 4,890
Reclassified to refund liability	(1,609)	-
Additions	-	2,119
Reversals	-	(4,249)
Usage	-	(1,149)
Effects of exchange rates	<u>-</u>	<u>(2)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 1,609</u>

(Continued)

	December 31	
	2018	2017
<u>Warranties</u>		
Balance at January 1	\$ 246,033	\$ 207,018
Additions	62,485	42,327
Usage	(3,306)	(3,235)
Effects of exchange rate changes	<u>(74)</u>	<u>(77)</u>
Balance at December 31	<u>\$ 305,138</u>	<u>\$ 246,033</u> (Concluded)

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons for possible returns and rebates. The provision was recognized as a reduction of operating income in the periods the related goods were sold.

The Group has adopted IFRS 15 starting from January 1, 2018. The Group recognized the estimation of sales returns and allowances as a refund liability, which was classified under other current liabilities.

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits on the Group's obligations stated in sales agreements. The estimate was based on historical warranty trends and may vary as a result of the entry of new materials, altered manufacturing processes or other events affecting product quality.

The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits on the Corporation's obligations stated in sales agreements. The estimate was based on historical warranty trends and may vary as a result of the entry of new materials, altered manufacturing processes or other events affecting product quality.

28. RETIREMENT BENEFIT PLANS

The Group makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages in accordance with the Labor Pension Act and these contributions are recognized as pension costs.

The employees of the Group's subsidiaries in the People's Republic of China (PRC) are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The Group's only obligations to the retirement benefit plan is to make contributions equal in the amount of the specified contributions.

29. EQUITY

a. Share capital

1) Ordinary shares

	December 31, 2018	December 31, 2017
Number of shares authorized (in thousands)	<u>3,200,000</u>	<u>1,200,000</u>
Amount of shares authorized	<u>\$ 32,000,000</u>	<u>\$ 12,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,515,759</u>	<u>1,019,256</u>
Shares issued	\$ 25,157,599	\$ 10,192,564
Share premiums	<u>963,007</u>	<u>6,020,328</u>
	<u>\$ 26,120,606</u>	<u>\$ 16,212,892</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to dividends.

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

On March 21, 2017, the Corporation's board of directors approved an increase in its capital by an issuance of up to 180,000 thousand shares through private-placement shares, which was approved by the shareholders in their meeting on June 14, 2017. On January 29, 2018, the Corporation's board of directors resolved not to continue handling the private-placement issuance.

On October 16, 2017, the Corporation considered the development of the solar energy industry and the growth of future requirements in its investment strategy in order to expand its share in the solar energy industry and strengthen operating ability. The Corporation's board of directors approved to increase the investment in GES by 46,104,764 ordinary shares of GES by public tender offer (approximately 24.11% of the total issued ordinary shares of GES), and GES will become a 100%-owned subsidiary of the Corporation. As of November 6, 2017, the acquisition date, the Corporation acquired 43,090,282 shares, and obtained a total of 3,014,482 shares from other shareholders in November and December 2017.

On October 16, 2017, the Corporation's board of directors approved to sign the merger intent letter with Gintech and SEC, with the Corporation as the surviving company after the merger, and will be renamed United Renewable Energy Co., Ltd. as soon as possible after the effective date of the merger in order to reflect the equality and common objective of the merged companies which is to pursue progress of the merged company.

On January 29, 2018, the Corporation's board of directors approved to sign a merger agreement with Gintech and SEC, and the date of the merger is October 1, 2018. On March 28, 2018, the Corporation, Gintech and SEC approved the merger in their shareholders' meeting.

In connection with the combined contract, Gintech and SEC are entitled to convert outstanding ordinary shares, including private equity and restricted employee share options, through a share swap at a 1:1.39 and 1:1.17 ratio ("sum of the consideration"), respectively. Regarding the share swap, the Corporation expected a total capital increase of NT\$11,644,007 thousand and issued new shares amounted to 1,164,401 thousand shares (including 40,122 thousand shares of private-placement shares), all ordinary shares, with a par value of NT\$10 which was approved by the FSC on July 23, 2018. On August 3, 2018, the Corporation's board of directors ruled that, due to the cancellation of part of the issue of employee rights shares issued by the Corporation, Gintech and SEC, the conversion equity was changed, and the new shares issued by the merger and capital

increase were adjusted from 1,164,401 thousand shares to 1,164,020 thousand shares, the base date of the merger and the date of listing of the new shares issued by the capital increase were October 1, 2018.

To meet the needed amount of consideration to be paid for the combination through the issuance of ordinary shares and the liquidity requirement of the merged entity, the Corporation processed a NT\$14,000,000 thousand capital increase. The Corporation's total amount of capital is NT\$32,000,000 thousand after the capital increase. The number of ordinary shares issued with a par value of NT\$10 was 3,200,000 thousand shares.

On January 29, 2018, the Corporation's board of directors approved to increase its capital by an issuance of up to 380,000 thousand shares through private-placement shares, which was also subject to approval by the shareholders in their meeting on March 28, 2018. On October 1, 2018, the Corporation's board of directors approved an increase of its capital by \$2,781,307 thousand through a private placement of 334,292 thousand new ordinary shares at NT\$8.32 per share with the effective date on October 15, 2018.

To integrate the overall resources and to improve the operational efficiency of the Group, on February 22, 2019, the Corporation's board of directors approved to sign a simplified merger agreement with 100% sharing subsidiary, GES, according to Article 19 of the Corporate Mergers and Acquisitions Act and other relevant laws and regulations, with the Corporation as the surviving company and GES as the extinct company after the merger ("the merger"). Considering that the entire issued share capital of GES was held by the Corporation, the share capital of GES held by the Corporation will be cancelled at no cost on the date of the merger. In the merger, the Corporation does not need to pay in exchange for shares. The tentative date of the merger is March 31, 2019. If the date of the merger, other related matters or matters not resolved need to change because of the administrative guidance by competent authorities, laws, or changes in our objective or social environment, it is proposed to fully authorize the chairman or his designee to handle the matter.

b. Capital surplus

	December 31	
	2018	2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	\$ 963,007	\$ 5,899,866
May only be used to offset a deficit (2)		
Share of change in equity interests of associates and joint ventures	42,000	-
Share premiums - employee restricted shares	-	117,440
Share premiums - employee share options	-	3,022
May not be used for any purpose		
Arising from employee restricted shares	<u>6,016</u>	<u>7,837</u>
	<u>\$ 1,011,023</u>	<u>\$ 6,028,165</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital surplus and once a year).

- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of a subsidiary accounted for using the equity method and adjustments for the capital surplus generated from the convertible bonds when they expire.

c. Retained earnings and dividend policy

Under the dividend policy, if the Group made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Group's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors before and after the amendment, refer to Note 31 (f).

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

An appropriation of earnings to legal reserve shall be made until the legal reserve equals the Group's paid-in capital. Legal reserve may be used to offset deficits. If the Group has no deficit and the legal reserve has exceeded 25% of the Group's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Group.

The offset of accumulated deficits for 2017 and 2016 had been proposed by the Corporation's board of directors on June 20, 2018 and had been approved in the shareholders' meeting on June 14, 2017, respectively. The information is as follows:

	Offset of Accumulated Deficits	
	For the Year Ended December 31	
	2017	2016
Offset of Accumulated Deficits with capital surplus	<u>\$ 4,611,501</u>	<u>\$ 6,309,786</u>
		Offset of Accumulated Deficits
Offset of Accumulated Deficits with capital surplus		<u>\$ (369,468)</u>

The offset of accumulated deficit in 2018 is subject to resolution in the shareholders' meeting expected to be held on June 17, 2019.

d. Other equity items

1) Unrealized loss on available-for-sale financial instruments

	For the Year Ended December 31, 2017
Balance at January 1	\$ (53,259)
Unrealized loss on revaluation of available-for-sale financial assets	<u>(18,623)</u>
Balance at December 31	<u>\$ (71,882)</u>

The unrealized loss on available-for-sale financial assets represents the cumulative losses on the fair value changes of available-for-sale financial assets, which have been recognized in other comprehensive income.

2) Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31, 2018
Balance at January 1 per IAS 39	\$ (71,882)
Adjustment on initial application of IFRS 9	<u>(59,009)</u>
Balance at January 1 per IFRS 9	(130,891)
Recognized during the period	
Unrealized gain - equity instruments	<u>(397,006)</u>
Balance at December 31	<u>\$ (527,897)</u>

The unrealized loss on available-for-sale financial assets represents the cumulative losses on the fair value changes of available-for-sale financial assets, which have been recognized in other comprehensive income.

e. Treasury shares

Purpose of Buy-back	Shares Held by Subsidiaries (In Thousands of Shares)
Number of shares at January 1, 2018	-
Acquisitions through business combinations	<u>1,883</u>
Number of shares at December 31, 2018	<u>1,883</u>

The Corporation acquired treasury shares as result of merging Gintech on October 1, 2018.

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2018</u>			
UTECH SOLAR CORPORATION	1,883	\$ 18,699	\$ 14,747

The shares of the Corporation held by Utech has been treated as treasury stock. They are same as general shareholders except for the rights of cash injection and the rights of voting.

30. REVENUE

For the Year Ended December 31, 2018

	Reportable Segments				
	Modules	Solar Cells	Power Facilities	Others	Total
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 7,190,802	\$ 3,249,827	\$ 5,127	\$ 47,663	\$10,493,419
Revenue from the sale of power facilities	-	-	712,943	-	712,943
Revenue from construction contracts	-	-	613,411	-	613,411
Service revenue	-	-	236,975	1,143	238,118
Processing fee revenue	-	65,339	-	-	65,339
Revenue from the sale of electricity	-	-	14,196	-	14,196
Revenue from other activities	-	-	28,898	349,917	378,815
	<u>7,190,802</u>	<u>3,315,166</u>	<u>1,611,550</u>	<u>398,723</u>	<u>12,516,241</u>
Others					
Interest income from contracts with customers	-	-	386,893	-	386,893
Revenue from the sale of electricity	-	-	57,044	-	57,044
Revenue from other activities	-	-	23,698	44	23,742
	<u>-</u>	<u>-</u>	<u>467,635</u>	<u>44</u>	<u>467,679</u>
	<u>\$ 7,190,802</u>	<u>\$ 3,315,166</u>	<u>\$ 2,079,185</u>	<u>\$ 398,767</u>	<u>\$12,983,920</u>

For the Year Ended December 31, 2017

	Reportable Segments				
	Modules	Solar Cells	Power Facilities	Others	Total
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 5,006,856	\$ 3,737,631	\$ 50,528	\$ 49,580	\$ 8,844,595
Revenue from construction contracts	-	-	605,792	-	605,792
Revenue from the sale of power facilities	-	-	15,205	-	15,205
Processing fee revenue	-	125,455	-	-	125,455
Revenue from other activities	-	-	425,275	231,565	656,840
	<u>\$ 5,006,856</u>	<u>\$ 3,863,086</u>	<u>\$ 1,096,800</u>	<u>\$ 281,145</u>	<u>\$10,247,887</u>

a. Contract balances

	December 31, 2018
Notes and accounts receivable (Note 13)	<u>\$ 3,038,694</u>
Contract assets	
Power facility construction contracts	\$ 96,617
Less: Allowance for impairment loss	<u> -</u>
Contract assets - current	<u>\$ 96,617</u>
Contract liabilities	
Sale of goods	\$ 242,376
Power facility construction contracts	<u>102,876</u>
Contract liabilities - current	<u>\$ 345,252</u>

The changes in the contract asset and the contract liability balances primarily result from the timing difference between the Group's performance and the customer's payment; other significant changes are as follows:

	For the Year Ended December 31, 2018
Contract assets	
Transfers of beginning balance to receivables	<u>\$ 56,819</u>

Revenue of the reporting period recognized from the contract liabilities incurred from the beginning of the year and from the performance obligations satisfied in previous periods is as follows:

	For the Year Ended December 31, 2018
From contract liabilities incurred from the beginning of the year	
Sale of goods	\$ 214,676
Power facility construction contracts	<u>49,372</u>
	<u>\$ 264,048</u>

b. Disaggregation of revenue

	For the Year Ended December 31, 2018
Geographical markets	
Taiwan	\$ 6,688,542
Germany	1,991,574
America	929,117
China	653,442
Others	<u>2,253,566</u>
	<u>\$ 12,516,241</u>
Timing of revenue recognition	
Satisfied at a point in time	\$ 11,882,068
Satisfied over time	<u>634,173</u>
	<u>\$ 12,516,241</u>

c. Partially completed contracts

The transaction price, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as below:

	December 31, 2018
Power facility construction contracts - in 2019	<u>\$ 97,038</u>

The above information does not include contracts with expected duration equal to or less than one year.

31. COMPREHENSIVE INCOME (LOSS)

a. Other income and expenses

	For the Year Ended December 31	
	2018	2017
Impairment loss on property, plant and equipment	\$ (257,949)	\$ (43,669)
Gain (loss) on disposal of non-current assets held for sale	(2,403)	1,383
Loss on disposal of property, plant and equipment	<u>(26)</u>	<u>(116,086)</u>
	<u>\$ (260,378)</u>	<u>\$ (158,372)</u>

b. Interest income and other income

	For the Year Ended December 31	
	2018	2017
Interest income		
Bank deposits	\$ 69,250	\$ 22,305
Financing provided to related parties	14,719	120,774
Puttable preference shares	11,487	19,090
Others	<u>9,317</u>	<u>86</u>
	<u>\$ 104,773</u>	<u>\$ 162,255</u>
Other income		
Insurance compensation income	\$ 38,833	\$ 4,627
Rental income	7,742	2,540
Late payment	6,822	-
Government grants	3,211	22,860
Others	<u>40,778</u>	<u>55,302</u>
	<u>\$ 97,386</u>	<u>\$ 85,329</u>

c. Finance costs

	For the Year Ended December 31	
	2018	2017
Interest on bank loans	\$ 480,268	\$ 295,925
Interest on convertible bonds	112,981	109,977
Interest on contract compensation	13,024	286,388
Other interest expense	<u>47,135</u>	<u>33,862</u>
	<u>\$ 653,408</u>	<u>\$ 726,152</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2018	2017
Property, plant and equipment	\$ 2,031,556	\$ 1,722,433
Intangible assets	<u>16,678</u>	<u>15,958</u>
	<u>\$ 2,048,234</u>	<u>\$ 1,738,391</u>
An analysis of depreciation by function		
Operating costs	\$ 1,893,136	\$ 1,651,767
Operating expenses	<u>138,420</u>	<u>70,666</u>
	<u>\$ 2,031,556</u>	<u>\$ 1,722,433</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 16,678</u>	<u>\$ 15,958</u>

e. Employee benefits expense

	<u>For the Year Ended December 31</u>	
	2018	2017
Post-employment benefits (Note 28)		
Defined contribution plans	\$ 64,183	\$ 60,407
Share-based payments		
Equity-settled share-based payments	16,492	7,714
Other employee benefits	<u>1,829,896</u>	<u>1,655,924</u>
Total employee benefits expense	<u>\$ 1,910,571</u>	<u>\$ 1,724,045</u>
 An analysis of employee benefits expense by function		
Operating costs	\$ 1,270,508	\$ 1,061,540
Operating expenses	<u>640,063</u>	<u>662,505</u>
	<u>\$ 1,910,571</u>	<u>\$ 1,724,045</u>

f. Employee's compensation and remuneration of directors and supervisors

The amendments stipulate distribution of employees' compensation and remuneration to directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. The Corporation incurred a deficit for the year ended December 31, 2018, 2017 and 2016; thus, neither compensation to employees nor remuneration to directors was estimated.

If there is a change in the proposed amounts after the date the annual consolidated financial statements have been authorized for issue, the differences are accounted for as a change in accounting estimate in the following year.

Information on the compensation to employees and the remuneration to directors, approved by the Corporation's board of directors in 2019 and 2018 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

g. Net gain (loss) on foreign currency exchange

	<u>For the Year Ended December 31</u>	
	2018	2017
Foreign exchange gains	\$ 2,449,752	\$ 741,778
Foreign exchange losses	<u>(2,510,994)</u>	<u>(667,799)</u>
Net profit (loss)	<u>\$ (61,243)</u>	<u>\$ 73,979</u>

h. Components of other comprehensive income

	<u>For the Year Ended December 31</u>	
	2018	2017
Unrealized loss on financial assets at FVTOCI		
Arising during the year	\$ (397,006)	\$ _____ -
Exchange difference on translating foreign operations:		
Arising during the year	\$ 124,877	\$ (344,571)
Unrealized (losses) gains on available-for-sale financial assets:		
Arising during the year	\$ _____ -	\$ (18,623)

32. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax (expense) benefit were as follows:

	<u>For the Year Ended December 31</u>	
	2018	2017
Current tax		
Current year	\$ (30,524)	\$ (27,483)
Prior periods	7,218	(1,780)
Income tax (expense) benefit recognized in profit or loss	<u>\$ (23,306)</u>	<u>\$ (29,263)</u>

A reconciliation of profit and current income tax benefit is as follows:

	<u>For the Year Ended December 31</u>	
	2018	2017
Loss before tax	<u>\$ (440,303)</u>	<u>\$ (4,130,726)</u>
Income tax benefit at the 17% statutory rate	\$ 88,601	\$ 702,224
Non-deductible expenses in determining taxable income	(348,914)	(68,334)
Tax-exempt income	767	986
Income tax on unappropriated earnings	-	(1,486)
Effect of different tax rate of group entities operating in other jurisdictions	27,952	45,743
Unrecognized loss carryforwards	(519,221)	(537,324)
Additional income tax under the Alternative Minimum Tax Act	-	-
Unrecognized deductible temporary differences	(82,270)	(186,144)
Reversal of temporary difference	(50,658)	16,852
Adjustments for prior years' tax benefit	<u>(1,391)</u>	<u>(1,780)</u>
Income tax (expense) benefit recognized in profit or loss	<u>\$ (23,306)</u>	<u>\$ (29,263)</u>

In 2017, the applicable corporate income tax rate used by the group entities in the ROC is 17%. However, the Income Tax Act in the ROC was amended in February 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings will be reduced from 10% to 5%. The applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Income tax recognized in other comprehensive income

	<u>For the Year Ended December 31</u>	
	2018	2017
Deferred tax		
In respect of the current year		
Exchange differences on translating foreign operations	<u>\$ 32,886</u>	<u>\$ 33,039</u>

c. Current tax assets and liabilities

	<u>For the Year Ended December 31</u>	
	2018	2017
Current tax assets		
Tax refund receivable	\$ 75,426	\$ 7,616
Prepaid income tax	<u>901</u>	<u>941</u>
	<u>\$ 76,327</u>	<u>\$ 8,557</u>
Current tax liabilities		
Income tax payable	<u>\$ 1,910</u>	<u>\$ 19,462</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2018

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Investment credits	\$ 11,431	\$ 342	\$ -	\$ 11,773
Loss carryforwards	-	422,426	-	422,426
Temporary differences				
Depreciation differences on property, plant and equipment	7,452	(25)	-	7,427
Credit loss on property, plant and equipment	-	1,175	-	1,175
				(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
Write-downs of inventories	\$ 1,254	\$ 502	\$ -	\$ 1,756
Exchange difference on translating foreign operation	33,039	-	(153)	32,886
Others	<u>37,353</u>	<u>561,573</u>	<u>-</u>	<u>598,926</u>
	<u>\$ 90,529</u>	<u>\$ 985,993</u>	<u>\$ (153)</u>	<u>\$ 1,076,369</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	\$ 17,381	\$ 2,419	\$ -	\$ 19,800
Unrealized gains on financial instruments at fair value through profit or loss	28,678	927	-	29,605
Gain on disposal of subsidiaries at a percentage different from its earlier ownership percentage	-	6,206	-	6,206
Others	<u>7,066</u>	<u>1,050</u>	<u>-</u>	<u>8,116</u>
	<u>\$ 53,125</u>	<u>\$ 10,602</u>	<u>\$ -</u>	<u>\$ 63,727</u> (Concluded)

For the year ended December 31, 2017

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Investment credits	\$ 12,362	\$ (931)	\$ -	\$ 11,431
Temporary differences				
Depreciation differences on property, plant and equipment	8,332	(880)	-	7,542
Write-downs of inventories	4,263	(3,009)	-	1,254
Exchange difference on translating foreign operation	-	-	33,039	33,039
Others	<u>20,473</u>	<u>16,880</u>	<u>-</u>	<u>37,353</u>
	<u>\$ 45,430</u>	<u>\$ 12,060</u>	<u>\$ 33,039</u>	<u>\$ 90,529</u> (Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	\$ -	\$ 17,381	\$ -	\$ 17,381
Revaluation gain on property, plant and equipment	-	-	-	-
Unrealized gains on financial instruments at fair value through profit or loss	31,611	(2,933)	-	28,678
Others	<u>10,474</u>	<u>(3,408)</u>	<u>-</u>	<u>7,066</u>
	<u>\$ 42,085</u>	<u>\$ 11,040</u>	<u>\$ -</u>	<u>\$ 53,125</u>

(Concluded)

The investment credits are mainly due to the subsidy policy of GES USA for the award of solar energy under the US policy, which gives a certain amount of investment tax credit according to the cost of the actual construction completed by the solar power plant.

- e. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31	
	2018	2017
Loss carryforwards		
Expiry in 2017	\$ -	\$ 3,336,455
Expiry in 2018	-	152,401
Expiry in 2019	137,565	137,955
Expiry in 2020	252,753	252,753
Expiry in 2021	1,244,132	1,244,133
Expiry in 2022	452,788	488,780
Expiry in 2023	114,308	-
Expiry in 2024	24,818	17,421
Expiry in 2025	381,127	610,985
Expiry in 2026	1,362,318	1,627,349
Expiry in 2027	1,985,339	2,597,532
Expiry in 2028	<u>3,096,872</u>	<u>-</u>
	<u>\$ 9,052,020</u>	<u>\$ 10,465,764</u>
Investment credits		
Purchase of machinery and equipment	<u>\$ -</u>	<u>\$ 208,578</u>
Deductible temporary differences	<u>\$ 6,050,553</u>	<u>\$ 6,715,572</u>

The tax losses of deferred taxes assets and the investment credits amounted to \$176,462 and \$268,390, respectively, which yet recognizes by GES USA. And the deductible year are 2016 to 2038.

Under Article 38 of the Business Mergers and Acquisitions Act, any loss of the Group and of DelSolar, Gintech Energy and Solartech Energy from within five years before the merger is tax-deductible pro rata by the shareholders' holding in the after-merger surviving company and can be deducted from its current year's profit from within 5 years. The last deduction year is due in 2018.

Under Article 43 of the Business Mergers and Acquisitions Act, amended on July 8, 2015, any loss of the Group, of Gintech Energy and of Solartech Energy from within ten years before the merger is tax-deductible pro rata by the shareholders' holding in the after-merger surviving company and can be deducted from its current year's profit from within 10 years. The last deduction year is due in 2028.

f. Information on tax - exemption

As of December 31, 2018, profits attributable to the following expansion projects were exempt from income tax for five years under the Statute for Upgrading Industries:

<u>Statute for Upgrading Industries</u>	<u>Period</u>
Expansion of the manufacturing plant acquired through a business combination	January 1, 2014-December 31, 2018
Third expansion of the manufacturing plant	January 1, 2015-December 31, 2019
Fourth expansion of the manufacturing plant	January 1, 2016-December 31, 2020
Fifth expansion of the manufacturing plant	January 1, 2017-December 31, 2021
Expansion of the manufacturing plant acquired through a business combination	January 1, 2017-December 31, 2021

g. Income tax assessments

The Corporation's income tax returns through 2015 have been assessed by the tax authorities.

33. LOSS PER SHARE

Unit: NT\$ Per Share

	<u>Years Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Basic loss per share	\$ (0.34)	\$ (4.08)
Diluted loss per share	\$ (0.34)	\$ (4.08)

The loss and weighted average number of common shares outstanding (in thousand shares) in the computation of loss per share were as follows:

Net loss for the year

	<u>Years Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
Loss for the year	\$ (468,294)	\$ (4,154,163)
Effect of dilutive potential common share:		
Interest on convertible bonds (after tax)	-	-
Loss used in the computation of diluted loss per share	\$ (468,294)	\$ (4,154,163)

Weighted average number of common shares outstanding (in thousand shares):

	Years Ended December 31	
	2018	2017
Weighted average number of common shares used in the computation of basic loss per share	1,380,522	1,017,105
Effect of dilutive potential common shares:		
Convertible bonds	-	-
Restricted employee share options	-	-
Employee compensation or bonuses issued to employees	-	-
Employee share options	<u>-</u>	<u>-</u>
Weighted average number of common shares used in the computation of diluted loss per share	<u>1,380,522</u>	<u>1,017,105</u>

Since the Corporation is allowed to settle the remuneration of employees by cash or shares, whenever applicable, the Corporation assumes that the entire amount of the employee remuneration will be settled in shares; as the effect of the resulting potential shares is dilutive, these shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. This dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

The Corporation's the outstanding convertible bonds, restricted employee share options and employee share options were anti-dilutive and were excluded from the computation of diluted loss per share.

34. SHARE-BASED PAYMENT ARRANGEMENTS

Issuance of shares reserved for employees subscription

No share options were granted for the year ended December 31, 2018 and 2017. Other information on the share option plan is as follows:

a. Replaced employee share option plan:

	Plan 6 in 2010		Plan 7 in 2010	
	Number of Options (In Thousands)	Weighted Average Exercise Price (\$/Per Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (\$/Per Share)
For the nine months ended <u>December 31, 2018</u>				
Beginning balance	26	\$ 51.90	234	\$ 61.90
Options canceled	<u>(26)</u>	51.90	<u>(234)</u>	61.90
Ending balance	<u>-</u>	-	<u>-</u>	-
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-

b. Employee share option plan of V5 Technology:

Qualified employees of V5 Technology were granted option units numbering 20 thousand and 27 thousand in February 2016 according to the employee share option plan of 2014 and of 2015, respectively. Qualified employees of V5 Technology were granted option units numbering 173 thousand and 80 thousand in May 2015 and November 2014, respectively. Each option entitles the holder to subscribe for one ordinary share of V5 Technology. The options granted are both valid for 5 years and exercisable at certain percentages after the first anniversary from the grant date. The options were granted at an exercise price equal to the closing price of V5 Technology's ordinary shares on the grant date. For any subsequent changes in V5 Technology's ordinary shares, the exercise price is adjusted accordingly.

Because the Corporation did not acquire any shares issued for cash of V5 Technology in August 2017, the Corporation's equity interest in V5 Technology decreased from 60.85% to 41.43%, and control of V5 Technology passed to the acquirer on that date and ceased to be incorporated in the consolidated financial statements.

Restricted share plan for employees

On March 21, 2017, the Corporation's board of directors approved of a restricted share plan amounting to \$21,000 thousand, consisting of 2,100 thousand shares with a par value of \$10. Such plan may require consideration to be paid by employees at \$10 or \$0 per share. On June 14, 2017, the shareholders in their meeting proposed to offer the restricted share plan for employees. The issuance of 2,100 thousand shares was approved by the Financial Supervisory Commission (FSC) on July 24, 2017.

On August 8, 2017, the Corporation's board of directors approved of a restricted share plan amounting to \$21,000 thousand, consisting of 2,100 thousand shares with a par value of \$10 per share and distributed out of earnings, which was granted on September 15, 2017 and issued on September 30, 2017. On the granted date, an actual amount of \$18,550 thousand was issued, which consisted of 1,855 thousand shares with a fair value of \$14.45 per share.

The Corporation replaced restricted share plan for employees due to the merger in October 1, 2018.

Replaced employee share option plan was as follows:

Restricted share plan for employees	Original Number (In Thousands)	Outstanding Number (In Thousands)	Adjustment by Percentage of Outstanding Number (In Thousands)
Gintech Energy	2,000	881	1,225
Solartech Energy	4,455	4,185	4,896

Information on issued employee restricted shares was as follows:

	Shares (In Thousands)	
	For Year Ended December 31 2018	2017
Beginning balance	1,761	761
Acquisitions through business combinations	6,121	-
Additions	-	1,855
Vested	(821)	(641)
Canceled	<u>(1,809)</u>	<u>(214)</u>
Ending balance	<u>5,252</u>	<u>1,761</u>

1) Formerly Neo Solar Power Corp. and Gintech Energy

To meet the vesting conditions, an employee has to meet performance conditions over the vesting period as follows:

- a) Still on service one year after the grant date with a high rating based on the current year's performance appraisal - vesting of 50% of restricted shares;
- b) Still on service two years after the grant date with a high rating based on the prior year's performance appraisal - vesting of 50% of restricted shares.

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- a) In addition to those disclosed in the restricted share plan, the employees should not sell, pledge, transfer, donate or in any other way dispose of these shares.
- b) On behalf of employees, the Corporation signed a trust contract on the restricted shares with a trust institution; thus, based on this contract, the rights of attendance, proposal, speech and voting have all been entrusted to the trust institution.

If an employee fails to meet the vesting conditions, the Corporation will buy back the restricted shares at the offering price and have them canceled but not the share and cash dividends during the period of noncompliance with vesting conditions.

2) Formerly Solartech Energy

Employees are able to subscribe for the restricted shares at \$5 per share when they meet the vesting conditions. To meet the vesting conditions, an employee has to meet performance conditions over the vesting period as follows:

- a) Still on service three years after the grant date with a high rating based on the prior year's performance appraisal - vesting of 50% of restricted shares.

The restrictions on the rights of the employees who acquire the restricted shares but have not met the vesting conditions are as follows:

- a) In addition to those disclosed in the restricted share plan, the employees should not sell, pledge, transfer, donate or in any other way dispose of these shares.

If an employee fails to meet the vesting conditions, the Corporation will buy back the restricted shares at the offering price and have them canceled

The Corporation recognized compensation costs of \$16,492 thousand and \$7,668 thousand for the years ended December 31, 2018 and 2017, respectively.

35. BUSINESS COMBINATIONS

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Gintech Energy	Solar-related business	October 1, 2018	100	\$ 7,314,880
Solartech Energy	Solar-related business	October 1, 2018	100	<u>4,399,288</u>
				<u>\$ 11,714,168</u>

Gintech Energy and Solartech Energy were acquired in order to continue the expansion of the Group's activities in manufacturing solar cells and other solar related business.

a. Consideration transferred

	Gintech Energy	Solartech Energy
Common share	\$ 7,308,198	\$ 4,386,582
Restricted shares for employees	<u>6,682</u>	<u>12,706</u>
	<u>\$ 7,314,880</u>	<u>\$ 4,399,288</u>

b. Assets acquired and liabilities assumed at the date of merger

	Gintech Energy	Solartech Energy
Current assets	\$ 8,460,024	\$ 2,706,596
Property, plant and equipment	7,413,796	4,784,477
Intangible assets	14,133	3,498
Other non-current assets	1,091,060	3,671,817
Current liabilities	(4,292,347)	(2,804,906)
Non-current liabilities	<u>(4,661,519)</u>	<u>(2,383,978)</u>
	<u>\$ 8,025,147</u>	<u>\$ 5,977,504</u>

The initial accounting for the acquisition of Gintech Energy and Solartech Energy was only provisionally determined at the end of the reporting period. The tax bases of Gintech Energy and Solartech Energy's assets were required to be reset based on the market values of the assets. At the date of issuance of these consolidated financial statements, the Group has restated the tax bases as if the initial accounting was completed on the acquisition date.

c. Non-controlling interests

The fair values of non-controlling interests of Gintech Energy and Solartech Energy (1.7% and 0.5% of total equity, respectively) were \$27,179 thousand and \$214 thousand measured at the acquisition date by using the market-based and asset-based approach.

The key inputs in the market-based measure were the value of cash injection and the value of non-controlling interests that was deducted to reflect the value of the company. Asset-based measure involved the evaluation of the total value of assets and liabilities of the evaluation targets and including non-controlling interests to reflect the value of the company.

d. Gain on bargain purchase due to consolidation

	Gintech Energy	Solartech Energy
Consideration transferred	\$ 7,314,880	\$ 4,399,288
Plus: Fair value of the acquirer's previously held equity interest	-	-
Plus: Non-controlling interests	27,179	214
Less: Fair value of identifiable net assets acquired of Gintech Energy and Solar Energy	(6,023,001)	(5,296,758)
Less: Fair value of identifiable net assets acquired of Gintech Energy and Solar Energy's subsidiaries	<u>(2,002,146)</u>	<u>(707,746)</u>
	<u>\$ (683,088)</u>	<u>\$ (1,578,002)</u>

e. Net cash inflow due to consolidation

	Gintech Energy	Solartech Energy
Consideration paid in cash	\$ -	\$ -
Less: Cash inflow due to consolidation	<u>(5,507,365)</u>	<u>(340,165)</u>
	<u>\$ (5,507,365)</u>	<u>\$ (340,165)</u>

f. Impact of acquisitions on the results of the Group

The results of the acquirees since the acquisition date included in the consolidated statements of comprehensive income are as follows:

	Gintech Energy	Solartech Energy
Revenue	<u>\$ 2,016,053</u>	<u>\$ 689,709</u>
Loss	<u>\$ (649,676)</u>	<u>\$ (326,322)</u>

Had these business combinations of Gintech Energy and Solar Energy been in effect at the beginning of the annual reporting period, the Group's revenue from continuing operations would have been \$21,101,207 thousand and \$3,391,601 thousand for the year ended December 31, 2018. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on January 1, 2018, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had Gintech Energy and Solar Energy been acquired at the beginning of the current reporting period, the management had:

- 1) Calculated depreciation of property, plant and equipment acquired on the basis of the fair values at the initial accounting for the business combination rather than the carrying amounts recognized in the respective pre-acquisition financial statements; and
- 2) Calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the Group after the business combination.

36. SUBSIDIARIES ACQUIRED

	Principal Activity	Date of Acquisition	Percentage of Voting Equity Interests Acquired (%)	Consideration Transferred
GES KYUSHU	Solar - related business	October 3, 2017	100	\$ 102,946
Hashimoto	Solar - related business	October 3, 2017	100	<u>44,521</u>
				<u>\$ 147,467</u>

The above subsidiaries were acquired to effectively integrate the Group's overall resources on 2017, diversify the Group's business, expand its operating scale, enhance its operating performance and boost its competitiveness.

a. Consideration transferred

	GES KYUSHU	Hashimoto
Cash	<u>\$ 102,946</u>	<u>\$ 44,521</u>

b. Assets acquired and liabilities assumed at the date of merger

	GES KYUSHU	Hashimoto
Current assets	\$ 1,852	\$ 13,568
Property, plant and equipment	455,758	218,837
Intangible assets	73,642	35,773
Other non-current assets	2,357	12,038
Current liabilities	<u>(406,687)</u>	<u>(228,538)</u>
	<u>\$ 126,922</u>	<u>\$ 51,678</u>

The tax bases of GES KYUSHU's and Hashimoto's assets were required to be reset on the basis of market values of the assets. The initial accounting for the acquisition of GES KYUSHU and Hashimoto had been completed as of the balance sheet date and the figures have been restated as if the initial accounting was completed on the acquisition date.

The fair value of GES KYUSHU and Hashimoto were determined with reference to the valuation report. This fair value was estimated by applying an income approach. The following were the key assumptions used in determining the fair value:

- 1) A discount rate of 5.2% and 7.4%, respectively;
- 2) The future values is based on a continuous decline rate of 0.5% of the long-term purchases of electricity rates; and
- 3) Financial parameters of companies similar to GES KYUSHU and Hashimoto.

c. Goodwill recognized on acquisitions

	GES KYUSHU	Hashimoto
Consideration transferred	\$ 102,946	\$ 44,521
Plus: Fair value of the acquirer's previously held equity interest	23,976	7,157
Less: Fair value of identifiable net assets acquired	<u>(126,922)</u>	<u>(51,678)</u>
Goodwill recognized on acquisitions	<u>\$ -</u>	<u>\$ -</u>

The fair value of the 45% equity of GES KYUSHU and Hashimoto before the acquisition date were equivalent as at the carrying amount, and therefore, no profit or loss was recognized

d. Net cash inflow due to consolidation

	GES KYUSHU	Hashimoto
Consideration paid in cash	\$ 102,946	\$ 44,521
Less: Cash inflow due to consolidation	<u>(1,852)</u>	<u>(2,134)</u>
	<u>\$ 101,094</u>	<u>\$ 42,387</u>

e. Impact of acquisitions on the results of the Group

The results of the acquirees since the acquisition date included in the consolidated statements of comprehensive income are as follows:

	GES KYUSHU	Hashimoto
Revenue	<u>\$ 150</u>	<u>\$ 4,588</u>
(Loss) profit	<u>\$ (684)</u>	<u>\$ 2,790</u>

If the business combination of GES KYUSHU and Hashimoto had been in effect at the beginning of the annual reporting period, the Corporation's revenue would be \$10,257,557 thousand and the loss would be \$4,151,933 thousand for the year ended December 31, 2017. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Corporation that would actually be achieved had the acquisition been completed on January 1, 2016, nor is it intended to be a projection of future results.

In determining the Corporation's pro forma revenue and profit (loss) had the above subsidiaries been acquired at the beginning of the current reporting period, the management performed the following:

- 1) Calculated the depreciation of plant and equipment acquired on the basis of the fair values determined at the initial accounting for the business combinations rather than the carrying amounts recognized in the pre-acquisition financial statements; and
- 2) Calculated borrowing costs on the funding levels, credit ratings and debt/equity position of the Corporation after the business combinations.

37. DISPOSAL OF SUBSIDIARIES

Yong Han and Yong Yeh, which carried out its entire solar-related businesses in Taiwan, were disposed of in March 2018, and control of Yong Han and Yong Yeh passed to the acquirer, Neo Cathay, on that date.

MEGASEVEN, MEGAELEVEN and MEGAFIFTEEN, which carried out their entire solar-related businesses in the USA, were disposed of in June 2018, and control of MEGASEVEN, MEGAELEVEN and MEGAFIFTEEN passed to the acquirer on that date.

True Honour Limited was an investment company which was cancelled in October 2018 and returned the shares in December 2018.

GES KYUSHU carried out its entire solar-related business in Japan. The disposal was completed in October 2018, and control of GES KYUSHU was passed to the acquirer on that date.

POTTERS BAR, CLAY CROSS, BELPER, Bryncrynu and Meadowley, which carried out their entire solar-related business in the United States. The disposal was completed in October 2018, and control of the subsidiaries of NSP Indygen was passed to the acquirer on that date.

CEC Solar #1117, CEC Solar #1118, CEC Solar #1119, CEC Solar #1121, CEC Solar #1122, CEC Solar #1128, CEC Solar #1130, CEC Solar #1133, and Ewauna, which carried out their entire solar-related business in the United States. The disposal to related party CF Lessee LOB LLC was completed in the fourth quarter of 2018, and control of the subsidiaries of CFR was passed to the acquired on that date.

On May 30, 2017, the Group had signed an agreement of disposal of Abacus. Abacus, which carried out its entire solar-related business in Japan, was disposed of in June, 2017, and control of Abacus passed to the acquirer on that date.

GES FUKUSHIMA, which carried out its entire solar-related business in Japan, was disposed of in July 2017, and control of GES FUKUSHIMA passed to the acquirer on that date.

The Corporation did not acquire any shares of V5 Technology issued for cash in August 2017, and the Corporation's equity interests in V5 Technology decreased from 60.85% to 41.43%, and control of V5 Technology was passed to the acquirer on that date.

MEGAFOURTEEN, which carried out its entire solar-related business in the United States, was disposed of in November 2017, and control of MEGAFOURTEEN passed to the acquirer on that date.

a. Consideration received from the disposal

	For the Year Ended December 31, 2018			
	Taiwan	USA	Japan	UK
Consideration received in cash and cash equivalents	\$ 144,476	\$ 754,309	\$ 279,206	\$ 157,315
Sales proceeds receivable	<u>4,960</u>	<u>26,325</u>	<u>-</u>	<u>-</u>
Total consideration received	<u>\$ 149,436</u>	<u>\$ 780,634</u>	<u>\$ 279,206</u>	<u>\$ 157,315</u>
	For the Year Ended December 31, 2017			
	Taiwan	USA	Japan	
Consideration received in cash and cash equivalents	\$ -	\$ 103,638	\$ 384,222	
Sales proceeds receivable	<u>-</u>	<u>(21,015)</u>	<u>-</u>	
Total consideration received	<u>\$ -</u>	<u>\$ 82,623</u>	<u>\$ 384,222</u>	

b. Analysis of asset and liabilities on the date control was lost

	For the Year Ended December 31, 2018			
	Taiwan	USA	Japan	UK
Current assets				
Cash and cash equivalents	\$ 23,714	\$ -	\$ 93	\$ 96,411
Lease receivables	262,134	-	509,214	-
Other receivables	2,163	-	-	-
Other receivables from related parties	64,090	-	-	-
Construction in progress	-	339,295	-	895,694
Others	6,759	650	624	-
Non-current assets				
Property, plant and equipment	92,912	432,238	-	-
Others	24,706	-	4,693	-
Current liabilities				
Accounts payable	-	-	-	(189,359)
Payables to contractors and equipment suppliers	(8,908)	-	-	-
Current tax liabilities	(392)	-	-	-
Accrued expenses	(163,013)	-	(416,601)	(739,286)
Non-current liabilities				
Long-term bank loans	<u>(178,231)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets disposed of	<u>\$ 125,934</u>	<u>\$ 772,183</u>	<u>\$ 98,023</u>	<u>\$ 63,460</u>

	For the Year Ended December 31, 2017		
	Taiwan	USA	Japan
Current assets			
Cash and cash equivalents	\$ 29,914	\$ -	\$ 4,234
Accounts receivable	23,843	-	-
Accounts receivable-related parties	2,415	-	-
Financial lease receivables	-	-	1,306,805
Inventories	21,417	-	-
Other receivables	493	-	23,629
Prepayments	6,583	-	-
Others	176	-	-
Non-current assets			
Property, plant and equipment	-	98,428	92,559
Intangible assets	12,065	-	81,473
Refundable deposits	412	-	-
Others	1,247	-	-
Current liabilities			
Notes and accounts payable	(2,991)	-	-
Receipts in advance	(2,000)	-	-
Current tax liabilities	-	-	(8,239)
Accrued expenses	(9,684)	-	(1,352,291)
Others	<u>(288)</u>	<u>-</u>	<u>(1)</u>
Net assets disposed of	<u>\$ 83,602</u>	<u>\$ 98,428</u>	<u>\$ 147,539</u>

c. Gain (loss) on disposal of subsidiaries

	For the Year Ended December 31, 2018			
	Taiwan	USA	Japan	UK
Consideration received	\$ 149,436	\$ 780,634	\$ 279,206	\$ 157,315
Realized gain	6,927	3,848	-	-
Intangible assets - contracts with customers	-	-	(72,085)	-
Net assets disposed of	<u>(125,934)</u>	<u>(772,183)</u>	<u>(98,023)</u>	<u>(63,460)</u>
Gain on disposal	<u>\$ 30,429</u>	<u>\$ 12,299</u>	<u>\$ 109,098</u>	<u>\$ 93,855</u>

	For the Year Ended December 31, 2017		
	Taiwan	USA	Japan
Consideration received	\$ -	\$ 103,638	\$ 384,222
Fair value of interests hold	83,580	-	-
Net assets disposed of	(83,602)	(98,428)	(147,539)
Non-controlling interests	33,019	-	-
Realized gain	3,509	-	11,406
Translation adjustment	<u>-</u>	<u>-</u>	<u>(12,400)</u>
Gain on disposal	<u>\$ 36,506</u>	<u>\$ 5,210</u>	<u>\$ 235,689</u>

d. Net cash inflow on disposal of subsidiaries

	For the Year Ended December 31, 2018			
	Taiwan	USA	Japan	UK
Consideration received in cash and cash equivalents	\$ 144,476	\$ 754,309	\$ 279,206	\$ 157,315
Less: As-of-yet received accounts receivable of disposal	<u>(23,714)</u>	<u>-</u>	<u>(93)</u>	<u>(96,411)</u>
	<u>\$ 120,762</u>	<u>\$ 754,309</u>	<u>\$ 279,113</u>	<u>\$ 60,904</u>

	For the Year Ended December 31, 2017		
	Taiwan	USA	Japan
Consideration received in cash and cash equivalents	\$ -	\$ 103,638	\$ 384,222
Less: As-of-yet received accounts receivable of disposal	-	(21,015)	-
Cash and cash equivalent balances disposed of	<u>(29,914)</u>	<u>-</u>	<u>(4,234)</u>
	<u>\$ (29,914)</u>	<u>\$ 82,623</u>	<u>\$ 379,988</u>

38. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On October 16, 2017, the Corporation considers the development of the solar energy industry and the growth of future requirement in its investment strategy in order to expand its share in the solar energy industry and strengthen operating ability, the Corporation's board of directors approved to increase the investment in GES by 46,104,764 ordinary shares of GES by public tender offer (approximately 24.11% of the total issued ordinary shares of GES), and GES will become 100%-owned subsidiary of the Corporation. As of November 6, 2017, the acquisition date, the Corporation acquired 43,090,282 shares and obtained a total of 3,014,482 shares from other shareholders in November and December 2017.

On April 13, 2017, the Corporation acquired 45 thousand shares of New Castle for \$441 thousand, which resulted in an increase of the Corporation's equity interests in New Castle from 55.00% to 100.00%. New Castle has been dissolved and liquidated in the fourth quarter of 2017 due to failing to achieve investment returns.

The above transaction was accounted for as an equity transaction since the Group did not cease to have control over the subsidiary.

	<u>For the Year Ended December 31</u>	
	<u>2017</u>	
	<u>GES</u>	<u>New Castle</u>
Cash consideration received paid	\$ (954,369)	\$ (441)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from (to) non-controlling interests	453,787	441
Other equity attributable to shareholders of the Corporation adjustment		
Exchange difference on translating foreign operations	<u>40,612</u>	<u>-</u>
Differences arising from equity transaction	<u>\$ (459,970)</u>	<u>\$ -</u>
<u>Line items adjusted for equity transaction</u>		
Capital surplus - difference between consideration and carrying amounts adjusted for changes in percentage of ownership in subsidiaries	\$ (14,023)	\$ -
Unappropriated earnings	<u>(445,947)</u>	<u>-</u>
	<u>\$ (459,970)</u>	<u>\$ -</u>

39. OPERATING LEASE ARRANGEMENTS

The Group as lessee

The Corporation leases Hsin-chu plants, Zhu-nan plants and lands and Hukou plants from the Science-Based Industrial Park Administration and GES, respectively, under renewable agreements expiring in December 2026, December 2037 and December 2019, with annual rentals of \$10,260 thousand, \$9,269 thousand and \$4,606 thousand, respectively.

The Corporation leases Taipei office, Kaohsiung office, Taipei parking lots and Zhu-nan dormitory, the lease periods range from 1 to 4 years, with annual rentals of \$4,080 thousand, \$716 thousand, \$80 thousand and \$3,648 thousand, respectively.

GES originally leased plants in Hukou from Hsin Lung Accessories Co., Ltd. under agreements expiring in December 2019. However, due to the process of business combination of the corporation, GES turned to rent office from the Corporation under renewable agreements expiring in December 2019. No default compensation has to be paid for the earlier relocation. Other lease contracts are with HOTAI Leasing Corporation for the company cars under renewable agreements expiring in December 2020.

Yong Zhou, Yong Liang, Yong Yao, Yong Shun and Hashimoto signed 20-year operating lease contracts with unrelated third parties for the use of property such as agricultural and livestock farms for the installation of power plants; these contracts, with total annual rentals of \$30,221 thousand, are renewable and will expire in annual succession up to December 2038.

ET ENERGY signed 15-year operating lease contracts with Indianapolis International Airport on the use of property for the installation of power plants; these contracts are renewable and will expire in December 2027 with annual rentals of \$7,847 thousand.

GES MEGAFIVE signed 20-year operating lease contracts with Washington Township Land, LLC on the use of property for the installation of power plants; these contracts are renewable and will expire in January 2036 with annual rentals of \$383 thousand.

GES MEGATWELVE signed 20-year operating lease contracts with City of Plymouth, Indiana on the use of property for the installation of power plants; these contracts are renewable and will expire in January 2037 with annual rentals of \$45 thousand.

As of December 31, 2018 and 2017, refundable deposits paid under operating leases were \$32,539 thousand and \$23,894 thousand, respectively.

The future minimum lease payments for operating lease commitments are as follows:

	December 31	
	2018	2017
Up to 1 year	\$ 57,271	\$ 58,777
Over 1 year and up to 5 years	277,023	260,665
Over 5 years	<u>660,669</u>	<u>639,470</u>
	<u>\$ 994,963</u>	<u>\$ 958,912</u>

The lease payments recognized as expenses were as follows:

	For the Year Ended December 31	
	2018	2017
Minimum lease payments	<u>\$ 82,637</u>	<u>\$ 76,140</u>

40. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure periodically. For this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. On the basis of the recommendations of the key management personnel on balancing the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

41. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

December 31, 2018

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Lease receivables (including current and non-current portions)	<u>\$ 5,626,874</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,644,187</u>	<u>\$ 5,644,187</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	<u>\$ 3,614,497</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,561,877</u>	<u>\$ 3,561,877</u>

December 31, 2017

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Lease receivables (including current and non-current portions)	<u>\$ 3,993,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,012,410</u>	<u>\$ 4,012,410</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	<u>\$ 3,425,011</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,390,979</u>	<u>\$ 3,390,979</u>

The fair values of the financial assets and financial liabilities included in the Level 3 categories above have been determined in accordance with the income approach based on a discounted cash flow analysis, with the most significant unobservable input being the discount rate that reflects the credit risk of counterparties.

The fair value of lease receivables was determined with a discount rate in accordance with the interest rates of the sales with buyback agreements with similar terms.

The fair value of the liability component of convertible bonds, assuming redemptions on October 27, 2019 was determined a with discount rate in accordance with interest rates based on loans with similar terms.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Long call options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 243,130</u>	<u>\$ 243,130</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 1,477,560	\$ 115,920	\$ -	\$ 1,593,480
Equity securities				
Domestic unlisted shares	-	-	93,661	93,661
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>42,090</u>	<u>42,090</u>
	<u>\$ 1,477,560</u>	<u>\$ 115,920</u>	<u>\$ 135,751</u>	<u>\$ 1,729,231</u>
Financial liabilities at FVTPL				
Short call options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,790</u>	<u>\$ 191,790</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in the ROC				
Equity securities	<u>\$ 5,815</u>	<u>\$ 103,250</u>	<u>\$ -</u>	<u>\$ 109,065</u>
Financial assets at FVTPL				
Long call options	\$ -	\$ -	\$ 117,840	\$ 117,840
Put options	-	-	23,674	23,674
Foreign exchange forward contracts	<u>-</u>	<u>106</u>	<u>-</u>	<u>106</u>
	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 141,514</u>	<u>\$ 141,620</u>
Financial liabilities at FVTPL				
Short call options	\$ -	\$ -	\$ 94,014	\$ 94,014
Foreign exchange forward contracts	<u>-</u>	<u>5,742</u>	<u>-</u>	<u>5,742</u>
	<u>\$ -</u>	<u>\$ 5,742</u>	<u>\$ 94,014</u>	<u>\$ 99,756</u>

There were no transfers between Level 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2018

	Financial Assets at Fair Value Through Profit or Loss		Financial Assets at Fair Value Through Other Comprehensive Income
	Long Call Options	Put Options	Equity Instruments
<u>Financial assets</u>			
Balance at January 1, 2018 per IAS 39	\$ 117,840	\$ 23,674	\$ -
Adjustment on initial application of IFRS 9	-	-	94,363
Balance at January 1, 2018 per IFRS 9	117,840	23,674	94,363
Acquisitions through business combinations	-	-	66,245
Purchases	127,543	-	59,086
Recognized in profit or loss - unrealized	(5,669)	-	(83,943)
Recognized in profit or loss - realized	-	(23,674)	-
Effect of exchange rate changes	3,416	-	-
Balance at December 31, 2018	<u>\$ 243,130</u>	<u>\$ -</u>	<u>\$ 135,751</u>
			Financial Liabilities at Fair Through Profit or Loss
			Short Call Options
<u>Financial liabilities</u>			
Balance at January 1, 2018			\$ 94,014
Additions			108,758
Recognized in profit or loss - unrealized			13,540
Effect of exchange rate changes			(24,522)
Balance at December 31, 2018			<u>\$ 191,790</u>

For the year ended December 31, 2017

	Financial Assets at Fair Through Profit or Loss	
	Long Call Options	Put Options
<u>Financial assets</u>		
Balance at January 1, 2017	\$ -	\$ -
Additions	117,840	43,789
Recognized in profit or loss - unrealized	<u>-</u>	<u>(20,115)</u>
Balance at December 31, 2017	<u>\$ 117,840</u>	<u>\$ 23,674</u>
	Financial Liabilities at Fair Through Profit or Loss	
	Short Call Options	Redemption and Conversion Options
<u>Financial liabilities</u>		
Balance at January 1, 2017	\$ -	\$ 387
Additions	94,014	-
Recognized in profit or loss - unrealized	<u>-</u>	<u>(387)</u>
Balance at December 31, 2017	<u>\$ 94,014</u>	<u>\$ -</u>

3) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Securities listed in the ROC	The Group's investments in private-placement shares that have quoted prices in an active market but cannot be traded during a lock-up period; their fair values were determined using market prices.

4) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

a) Put options

The Black-Scholes model was used to determine the fair value of the put options redeemed, and the most significant unobservable input was volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value of these put options. As of December 31, 2017, the volatility used were 25.20% and 26.54%, respectively.

Sensitivity analysis

The Group's sensitivity analysis evaluated that the fair values of financial instruments were reasonable except for the impact of possible changes in the evaluation model or evaluation

parameters which may cause different outputs in the result of the evaluation. For financial instruments defined as Level 3 inputs, impacts of possible changes in the evaluation method on profit or loss and other comprehensive income or loss in the current period were as follows:

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising from Fair Value Movements	OCI Changes Arising from Fair Value Movements
For the year ended <u>December 31, 2017</u>				
Financial assets at Fair value through profit or loss				
Put options	25.20%	+0.5%	<u>\$ 106</u>	-
Put options	26.54%	+0.5%	<u>\$ 117</u>	-

The favorable and unfavorable changes arose from fluctuations in the fair values, which required management inputs that are both significant to the fair value measurement and unobservable. The table above shows the impact on the fair values of financial instruments if they were affected by only one isolated input. The variability and correlation among those inputs were not taken into consideration.

b) Long call options and short call options

Long call options and short call options use the options pricing model to determine their fair value, and the most significant unobservable input was volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value of these options. As of December 31, 2018 and 2017, the volatilities used were 18.00% and 17.00%, respectively.

Sensitivity analysis

The Group's sensitivity analysis evaluated that the fair values of financial instruments were reasonable, except for the impact of possible changes in the evaluation model or evaluation parameters which may cause different outputs in the result of the evaluation. For financial instruments defined as Level 3 inputs, the impacts of possible changes on the evaluation method on profit or loss and other comprehensive income or loss in the current period were as follows:

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
The year ended December 31, <u>2018</u>				
Financial assets at fair value through profit or loss				
Long call options	7.00%	+0.5%	\$ (10,660)	-
	7.00%	-0.5%	<u>11,396</u>	-
			<u>\$ 736</u>	

(Continued)

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
Short call options	7.00%	+0.5%	\$ 22,710	-
	7.00%	-0.5%	<u>(25,466)</u>	-
			<u>\$ (2,756)</u>	
For the year ended <u>December 31, 2017</u>				
Financial assets at fair value through profit or loss				
Long call options	6.80%	+0.5%	\$ (5,369)	-
	6.80%	-0.5%	<u>5,748</u>	-
			<u>\$ 379</u>	
Short call options	6.80%	+0.5%	\$ 11,783	-
	6.80%	-0.5%	<u>(13,252)</u>	-
			<u>\$ (1,469)</u>	

(Concluded)

The favorable and unfavorable changes arose from fluctuations in the fair values, which required management inputs which are both significant to the fair value measurement and are unobservable. The table above shows the impact on the fair values of financial instruments if they were affected by only one isolated input. The variability and correlation among those inputs were not taken into consideration.

c) Domestic and foreign unlisted shares

The fair values of domestic and foreign unlisted shares are mainly determined by the asset approach and the market approach.

A market approach is a method of determining the appraisal value of assets or liabilities, based on the selling price of similar items. The Black-Scholes model was used to determine the fair value of domestic and foreign unlisted shares, and the most significant unobservable inputs were price multiplier and volatility. An increase in the price multiplier used in isolation would result in an increase in the fair value of these equity instruments.

An increase in the volatility used in isolation would result in a decrease in the fair value of these equity instruments. As of December 31, 2018, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 1.4100 and 30.00%, respectively, while the price multiplier and volatility used to determine the fair value of foreign unlisted shares were 1.3100 and 35.06%, respectively.

Sensitivity analysis

The Group's sensitivity analysis evaluated that the fair values of financial instruments were reasonable, except for the impact of possible changes in the evaluation model or evaluation parameters which may cause different outputs in the result of the evaluation. For financial instruments defined as Level 3 inputs, the impacts of possible changes in the evaluation method on profit or loss and other comprehensive income or loss in the current period are as follows:

	Input	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
For the year ended				
<u>December 31, 2018</u>				
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	1.4100	+5.0%	-	\$ 2,236
	1.4100	-5.0%	-	(2,236)
	30.00%	+1.0%	-	(647)
	30.00%	-1.0%	-	647
Foreign unlisted shares	1.3100	+5.0%	-	967
	1.3100	-5.0%	-	(967)
	35.06%	+1.0%	-	(346)
	35.06%	-1.0%	-	<u>349</u>
				<u>\$ 3</u>

d) Conversion and redemption options

The fair values of redemption and conversion options are determined using the binomial tree valuation model where the significant unobservable input is historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value. As of December 31, 2018 and 2017, the historical volatility used was 42.75% and 27.08%, respectively.

c. Categories of financial instruments

	December 31	
	2018	2017
<u>Financial assets</u>		
FVTPL		
Held for trading	\$ -	\$ 141,620
Mandatorily at FVTPL	243,130	-
Loans and receivables (Note 1)	-	11,549,608
Available-for-sale financial assets (Note 2)	-	163,611
Financial assets at amortized cost (Note 3)	19,111,812	-
Financial assets at FVTOCI		
Equity instruments	1,729,231	-
		(Continued)

	December 31	
	2018	2017

Financial liabilities

FVTPL

Held for trading	\$ 191,790	\$ 99,756
Amortized cost (Note 4)	30,382,755	20,581,872 (Concluded)

Note 1: The balances include cash and cash equivalents, notes and accounts receivable, accounts receivable from related parties, pledged time deposits, restricted deposits, other receivables, debt investments with no active market, etc. that were measured at amortized cost.

Note 2: The balances include available-for-sale financial assets measured at cost.

Note 3: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, accounts receivable from related parties, pledged time deposits, restricted deposits, other receivables and debt investments, etc.

Note 4: The balances include short-term loans, short-term bills payable, notes and accounts payable, accounts payable to related parties, amount due to customers for construction contracts, accrued expenses, long-term loans, bonds payable, preference share liabilities, etc. and were carried at amortized cost.

d. Financial risk management objectives and policies

The Group's major financial instruments included equity, accounts receivable, accounts payable, bonds payable and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports, which are tools for analyzing exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge against risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors continually. The Group does not enter into financial instrument contracts or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Corporate Treasury function, an independent organization that monitors risks and policies implemented to mitigate risk exposures, reports quarterly to the Group's board of directors and audit committee:

1) Market risk

The Group's activities exposed the Group primarily to the financial risks of exchange rate changes (see [a] below) and interest rates (see [b] below). The Group used a variety of derivative financial instruments to manage its exposure to foreign currency and interest rate risks.

There had been no change in the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency-denominated sales and purchases, which exposed the Group to exchange rate risk. The Group entered into foreign exchange forward contracts, cross-currency swap contracts, etc. to manage exposures due to exchange rate and interest rate fluctuations. These instruments help reduce, but do not eliminate, the impact of adverse exchange rate movements.

The Group also holds short-term bank loans in foreign currencies in proportion to its expected future cash flows. This allows foreign-currency-denominated bank loans to be serviced with expected future cash flows and provides a partial hedge against transaction translation exposure.

Sensitivity analysis

The Corporation was mainly exposed to USD, EUR and JPY.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency. The sensitivity analysis included only outstanding foreign currency-denominated monetary items; their translation at the end of the reporting period is adjusted for a 5% change in exchange rates. The sensitivity analysis included cash, accounts receivable, other receivables, short-term bank loans, accounts payable, other payables and long-term bank loans. A positive number below indicates an increase in profit and other equity associated with the New Taiwan dollar's strengthening 5% against a foreign currency. For a 5% weakening of the New Taiwan dollar against a foreign currency, there would be an equal and opposite impact on profit and other equity and the balances below would be negative.

	USD Impact		EUR Impact		JPY Impact	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31		December 31		December 31	
	2018	2017	2018	2017	2018	2017
Profit (loss)	\$ 18,851	\$(63,627)	\$ 8,212	\$ 18,162	\$ (294)	\$ (454)

The Group's sensitivity to USD exchange rates decreased in the current period mainly because of the increase in assets recorded in USD. The Group's sensitivity to EUR exchange rates decreased in the current period mainly because of the decrease in assets recorded in EUR. The Group's sensitivity to JPY exchange rates decreased in the current period mainly because of the increase in assets recorded in JPY.

b) Interest rate risk

Long-term and short-term bank loans mainly bear floating interest rates. Thus, the fluctuations of market interest rates will result in changes in the effective interest rates for long-term and short-term bank loans and the fluctuation of future cash flows.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows.

	December 31	
	2018	2017
Fair value interest rate risk		
Financial assets	\$ 7,710,247	\$ 5,577,016
Financial liabilities	(9,849,642)	(9,571,897)
Cash flow interest rate risk		
Financial assets	12,781,956	6,347,299
Financial liabilities	(16,909,886)	(8,336,096)

Sensitivity analysis

The sensitivity analysis below was based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming that the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year.

If interest rates had been 1% higher and all other variables were held constant, the Group's profit for 2018 and 2017 would decrease by \$41,279 thousand and \$19,888 thousand, respectively, mainly because of the Group's exposure to interest rates on its variable-rate demand deposits and bank borrowings.

The Group's sensitivity to interest rates decreased during the current period mainly because of the increase in variable-rate debt instruments.

c) Other price risk

The Group is exposed to equity price risk on financial asset at FVTPL - non-current and available-for-sale financial assets, which are not held for trading.

Sensitivity analysis

The sensitivity analysis below was based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% lower, other comprehensive income for 2018 would decrease by \$86,462 thousand as a result of the changes in the fair value of financial assets at FVTOCI.

If equity prices had been 5% lower, other comprehensive income for 2017 would decrease by \$5,453 thousand, as a result of the changes in fair value of impaired AFS investments.

The Group's sensitivity to price increase in the current period mainly because of the increase in financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to a failure to discharge an obligation by the counterparties and financial guarantees provided by the Group, could arise from:

- a) The carrying amounts of the financial assets recognized in the consolidated balance sheets; and
- b) The amount of contingent liabilities on financial guarantees issued by the Group.

To minimize credit risk, the Group's management has established a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each account receivable at the end of the reporting period to ensure that adequate allowances are set aside for irrecoverable amounts. Thus, the Group's management considers the Group's credit risk as significantly reduced.

The credit risk on liquid funds and derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

Accounts receivable pertains to a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of the account receivables and, where appropriate, credit guarantee insurance is purchased.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

The Group's concentration of credit risk was 20% and 23% in total accounts receivable as of December 31, 2018 and 2017, respectively, which was related to the Group's three largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the use of bank loans and ensures compliance with loan covenants. The Group relies on bank loans as a significant source of liquidity.

- a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2018

	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 2,016,411	\$ 1,002,906	\$ 658,592	\$ 79,314
Variable interest rate liabilities	209,152	1,654,468	7,705,594	8,188,452
Fixed interest rate liabilities	<u>740,290</u>	<u>2,797,702</u>	<u>4,699,751</u>	<u>1,743,186</u>
	<u>\$ 2,965,853</u>	<u>\$ 5,455,076</u>	<u>\$ 13,063,937</u>	<u>\$ 10,010,952</u>

December 31, 2017

	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 1,088,437	\$ 627,719	\$ 370,941	\$ 948,493
Variable interest rate liabilities	120,819	1,143,142	5,403,922	2,294,207
Fixed interest rate liabilities	<u>1,493,163</u>	<u>2,981,364</u>	<u>1,411,680</u>	<u>3,508,057</u>
	<u>\$ 2,702,419</u>	<u>\$ 4,752,225</u>	<u>\$ 7,186,543</u>	<u>\$ 6,750,757</u>

As of December 31, 2018 and 2017, the Group believes there were no bank loans on which immediate repayment will be demanded.

The amounts included above for variable interest rate instruments for non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differed from the interest rates estimated at the end of the reporting period.

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following tables show the Group's liquidity analysis for its derivative financial instruments. The tables were based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

December 31, 2018

	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Short call options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,790</u>

December 31, 2017

	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Foreign exchange forward contracts	\$ 162	\$ 5,580	\$ -	\$ -
Short call options	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,014</u>
	<u>\$ 162</u>	<u>\$ 5,580</u>	<u>\$ -</u>	<u>\$ 94,014</u>

42. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries (the Corporation's related parties) had been eliminated on consolidation and are not disclosed in this note. In addition to those disclosed in other notes, transactions between the Group and its related parties are disclosed below.

a. Names and relationships of related parties

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Delta Electronics Inc.	Investors with significant influence on certain group entities (Note 1)
Delta Electronics (Japan), Inc.	Other related parties (Note 2)
Delta Electronics (Americas) Ltd.	Other related parties (Note 2)
Delta Greentech Ltd.-Turkey	Other related parties (Note 2)
Delta Electronics (Switzerland) AG	Other related parties (Note 2)
Zhongda Electronic (Jiangsu) Co., Ltd.	Other related parties (Note 2)
Zhongda Electronic Parts And Components (Wujian) Co., Ltd.	Other related parties (Note 2)
Phanes FZ LLC	Other related parties (Note 3)
Phanes Holding	Other related parties (Note 3)
Oryx Solar System Solutions LLC	Other related parties (Note 3)
TTMC	Other related parties
SAS	Other related parties (Note 4)
Taiwan Speciality Chemicals Corporation	Other related parties (Note 4)
Solar PV	Other related parties
Shanghai Surui Leasing & Financing Limited	Other related parties (Note 5)
Clean Focus Management Acquisition LLC	Other related parties (Note 5)
Neo Cathay	Associates
Neo Cathay Electric Power Corp. (Neo Cathay Electric)	Associates (Note 6)
JSP	Associates
Si One	Associates (Note 6)
Da Li Energy	Associates (Note 6)
Yong Han	Associates (Note 7)
Yun Yeh	Associates (Note 7)
Shanghai Cenat New Energy Company Limited	Associates (Note 8)
CFY	Associates
Clean Focus Corporation (CFC)	Associates
CF Gainesville Owner One, LLC	Associates (Note 8)
Clean Focus Development LLC	Associates (Note 8)
CF SBC Owner One LLC	Associates (Note 8)
CF Vegas Holdings LLC	Associates (Note 8)

(Continued)

<u>Name of Related Party</u>	<u>Relationship with the Company</u>
Greenskies Renewable Energy LLC	Associates (Note 8)
CF Lessee LOB LLC	Associates (Note 8)
Verde Solar Inc.	Associates (Note 8)
V5 Technology	Associates (Note 9)
GES KYUSHU	Associates (Note 10)
Hashimoto	Associates (Note 10)
Gintung Energy	Associates (Note 11)
Sunshine PV	Associates (Note 11)
DevCo One	Joint venture
DevCo Two	Joint venture
JV2	Joint venture

(Concluded)

Note 1: On October 15, 2018, Delta Company originally held 6.64% of the equity of the Corporation. After the election of the directors of the Corporation on November 20, 2018, the directors representing Delta Company resigned from the board of directors of the Corporation and did not meet the definition of related parties. Therefore, only the outstanding amount as of December 31, 2018 and transactions from January 1, 2018 to November 20, 2018 were disclosed as related party transactions.

Note 2: After the election of the directors of the Corporation on November 20, 2018, directors representing Delta Company resigned from the board of directors of the Corporation. The subsidiaries of Delta Company, Delta Electronics (Americas) Ltd., Delta Electronics (Japan), Inc., Delta Electronics (Switzerland) AG, Delta Greentech Ltd.-Turkey, Zhongda Electronic (Jiangsu) Co., Ltd. and Zhongda Electronic Parts And Components (Wujian) Co., Ltd. did not meet the definition of related parties. Therefore, only the outstanding amount as of December 31, 2018 and transactions from January 1, 2018 to November 20, 2018 were disclosed as related party transactions.

Note 3: Other related parties were entities of the investor who have significant influence over the Group and entities whose parent issued puttable preference shares which were acquired by the Group on December 18, 2015.

Note 4: After the date of merger, October 1, 2018, the Corporation and the directors of the Corporation became the shareholders of SAS and TSCC and became their directors. SAS and TSCC meet the definition of other related parties. Therefore, the outstanding amounts and transactions after October 31, 2018 were disclosed as related party transactions.

Note 5: Same directors with CFGP, so that meet the definition of other related parties.

Note 6: The associates were Neo Cathay's subsidiaries.

Note 7: Yong Han and Yun Yeh had become subsidiaries of Neo Cathay since March 30, 2018 and were deemed associates; thus, the Group disclosed the trading transactions from March 30, 2018 and the balances as of March 30, 2018.

Note 8: The associates were CFY's subsidiaries.

Note 9: V5 Technology had become an associate of the Corporation since August 14, 2017 because the Corporation did not acquire any shares issued for cash of V5 Technology; thus, the Group disclosed the trading transactions only from August 14, 2017 and the balances as of December 31, 2018 and 2017.

Note 10: These associates became subsidiaries after GES acquired them in October 2017.

Note 11: The acquisition of subsidiaries is due to absorption merging the two corporations, Gintech Energy and Solartech Energy on October 1, 2018.

a. Revenue from the sale of goods

Related Party Category	For the Year Ended December 31	
	2018	2017
Associates	\$ 1,287,666	\$ 712,893
Other related parties	50,677	54,081
Investors with significant influence	<u>79</u>	<u>5</u>
	<u>\$ 1,338,422</u>	<u>\$ 766,979</u>

Sales of goods between the Group and related parties were based on specifically negotiated terms.

b. Other income

Related Party Category	For the Year Ended December 31	
	2018	2017
Associates	\$ 14,591	\$ 377
Related parties in substance	<u>79</u>	<u>138</u>
	<u>\$ 14,670</u>	<u>\$ 515</u>

c. Dividends

Related Party Category	For the Year Ended December 31	
	2018	2017
Related parties in substance		
TTMC	<u>\$ 3,680</u>	<u>\$ 4,415</u>

d. Interest income

Related Party Category	For the Year Ended December 31	
	2018	2017
Associates		
CFY	\$ 13,969	\$ 16,971
CF Lessee LOB LLC	-	30,772
Others	750	2,015
Joint ventures		
DevCo One	3,546	35,508
DevCo Two	3,546	35,508
Other related parties		
Phanes Holding	<u>11,487</u>	<u>19,090</u>
	<u>\$ 33,298</u>	<u>\$ 139,864</u>

The Group's income revenue was composed of interest income from financing provided to associates and puttable preference shares with other related parties.

e. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2018	2017
Investors with significant influence	\$ 5,406	\$ 31,209
Other related parties	<u>112</u>	<u>-</u>
	<u>\$ 5,518</u>	<u>\$ 31,209</u>

Purchases of goods between the Group and related parties were based on specifically negotiated terms.

f. Other expenses

Related Party Category	For the Year Ended December 31	
	2018	2017
Associates	\$ 61,206	\$ 12
Other related parties	1,574	5,237
Investors with significant influence	<u>652</u>	<u>15,736</u>
	<u>\$ 63,432</u>	<u>\$ 20,985</u>

g. Accounts receivable

Related Party Category	December 31	
	2018	2017
Associates		
CFC	\$ 367,956	\$ 155,005
Verde Solar	85,042	-
Others	101,454	8,095
Other related parties	-	7,401
Investors with significant influence	-	5
Less: Allowance for impairment loss-Associate	<u>(21,986)</u>	<u>-</u>
	<u>\$ 532,466</u>	<u>\$ 170,506</u>

The outstanding trade receivables from related parties are unsecured. An impairment loss of \$ 21,986 thousand and zero was recognized for trade receivables from related parties for the year ended December 31, 2018 and 2017.

h. Other receivables

Related Party Category	December 31	
	2018	2017
Associates		
CF Leases LOB LLC	\$ 493,797	\$ 1,127,562
CFY	133,141	363,242
CFC	113,131	-
Others	16,691	183,422

(Continued)

Related Party Category	December 31	
	2018	2017
Other related parties		
Clean Focus Management Acquisition LLC	\$ 188,319	\$ -
Others	13,440	10,790
Joint venture		
DevCo One	128,426	132,116
Others	16,189	143,458
Less: Allowance for impairment loss-Associate	<u>(8,400)</u>	<u>-</u>
	<u>\$ 1,094,734</u>	<u>\$ 1,960,590</u>
		(Concluded)

Other receivables were temporary project fee payments that the Group paid for its associates.

The outstanding receivables from related parties were unsecured. An impairment loss of \$ 8,400 thousand and zero was recognized for other receivables from related parties for the years ended December 31, 2018 and 2017.

i. Contract assets

Related Party Category	December 31	
	2018	2017
Associates		
Si One	\$ 45,789	\$ -
Da Li Energy	<u>24,261</u>	<u>-</u>
	<u>\$ 70,050</u>	<u>\$ -</u>

For the year ended December 31, 2018, no impairment loss was recognized for contract assets from related parties.

j. Amounts due from customers for construction contracts

Related Party Category	December 31	
	2018	2017
Associates		
Si One	\$ -	\$ 31,799
Da Li Energy	<u>-</u>	<u>19,432</u>
	<u>\$ -</u>	<u>\$ 51,231</u>

k. Prepayments

Related Party Category	December 31	
	2018	2017
Other related parties		
SAS	<u>\$ 1,118,451</u>	<u>\$ -</u>

l. Other prepayments

Related Party Category	December 31	
	2018	2017
Associates		
Clean Focus Development LLC	<u>\$ -</u>	<u>\$ 1,128</u>

m. Accounts payable

Related Party Category	December 31	
	2018	2017
Investors with significant influence		
Delta Electronics Inc.	\$ 373	\$ 12,820
Other related parties	<u>68</u>	<u>-</u>
	<u>\$ 441</u>	<u>\$ 12,820</u>

The outstanding payables to related parties were unsecured. No guarantees had been given or received for payables to related parties, and these payables would be settled in cash.

n. Contract liabilities

Related Party Category	December 31	
	2018	2017
Associates		
Si One	\$ 88,306	\$ -
Others	14,681	-
Other related parties		
SAS	36,372	-
Others	<u>11</u>	<u>-</u>
	<u>\$ 139,370</u>	<u>\$ -</u>

o. Amounts due to customers for construction contracts

Related Party Category	December 31	
	2018	2017
Associates		
Si One	\$ -	\$ 51,581
Da Li Energy	<u>-</u>	<u>11,419</u>
	<u>\$ -</u>	<u>\$ 63,000</u>

p. Receipts in advance

Related Party Category	December 31	
	2018	2017
Other related parties	\$ <u>-</u>	\$ <u>3,493</u>

q. Payables to contractors and equipment suppliers

Related Party Category	December 31	
	2018	2017
Investors with significant influence	\$ 12,936	\$ 16,857
Other related parties	-	6,814
Associates	<u>-</u>	<u>1,700</u>
	\$ <u>12,936</u>	\$ <u>25,371</u>

r. Other accrued expenses

Related Party Category	December 31	
	2018	2017
Associates		
CFC	\$ 174,754	\$ 276,657
Others	69,525	35,970
Joint Ventures	118,195	165,732
Other related parties	12,273	3,087
Investors with significant influence	<u>194</u>	<u>711</u>
	\$ <u>374,941</u>	\$ <u>482,157</u>

Other accrued expenses were expenses and construction fees temporarily paid by related parties for the Group.

No guarantees had been given or received for payables to related parties, and these payables would be settled in cash.

s. Acquisitions of property, plant and equipment

	Purchase Price	
	For the Year Ended	
	December 31	
	2018	2017
Other related parties	\$ 164,381	\$ 171,202
Investors with significant influence	<u>26,830</u>	<u>61,726</u>
	\$ <u>191,211</u>	\$ <u>232,928</u>

- t. Put of financial assets - debt investments with no active market

For the year ended December 31, 2017

Related Party Category	Shares	Underlying Assets	Proceeds	Gain (Loss) on Disposal
Other related parties				
Phanes Holding	<u>\$ 4,500</u>	<u>\$ -</u>	<u>\$ 146,453</u>	<u>\$ -</u>

- u. Project Receipts

	<u>For the Year Ended December 31</u>	
	2018	2017
Associates	\$ 132,752	\$ 36,036
Other related parties	<u>14,345</u>	<u>31,853</u>
	<u>\$ 147,097</u>	<u>\$ 67,889</u>

The project receipts were the cost of power facility construction, the transaction between the Group and the related parties were based on specifically negotiated terms.

- v. Disposal of subsidiaries

For details on disposal of subsidiaries of the Corporation, refer to Note 37.

- w. Endorsements and guarantees

For details on loans to related parties and endorsements and guarantees, refer to Note 47.

- x. Compensation of key management personnel

	<u>For the Year Ended December 31</u>	
	2018	2017
Short-term benefits	\$ 121,461	\$ 61,792
Share-based payments	1,203	3,228
Post-employment benefits	<u>195</u>	<u>1,201</u>
	<u>\$ 122,859</u>	<u>\$ 66,221</u>

The compensation of directors and other key management personnel was determined by the Compensation Committee on the basis of individual performance and market trends.

43. PLEDGED OR MORTGAGED ASSETS

The following assets had been pledged or mortgaged as collaterals for long-term and short-term bank loans, bonds payable and deposits for the government:

	December 31	
	2018	2017
Property, plant and equipment	\$ 13,538,543	\$ 6,369,227
Finance lease receivables (including current and non-current portions)	5,307,313	1,698,483
Restricted assets (classified as other current and non-current assets)	3,701,289	2,386,553
Financial assets at fair value through other comprehensive income	1,337,855	-
Refundable deposits	1,004,824	852,023
Investments accounted for using the equity method	608,316	-
Pledged time deposits (classified as other current and non-current assets)	595,018	209,277
Power facilities construction in process (classified as inventory)	99,575	83,456
Inventory	1,021	-
Non-current assets held for sales	<u>-</u>	<u>143,090</u>
	<u>\$ 26,193,754</u>	<u>\$ 11,742,109</u>

44. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Significant commitments

1) Long-term purchase contracts:

- a) The Group entered into long-term material supply agreements with multiple suppliers of raw material for silicon chip; the longest contract duration can be effective until December 31, 2022. The Group has to make advance payments as amounts of guarantee and such suppliers shall meet the supply of materials in accordance with contract terms. For the year ended December 31, 2018 and 2017, after the contract assessment, the Group had recognized impairment loss of \$487,558 thousand and \$575,580 thousand on prepayment and purchasing agreement, respectively due to continuously recording losses and facing deterioration in economic and financial conditions by certain suppliers. The Group recognized prepayments of USD57,944 thousand (approximately NT\$1,813,309 thousand), EUR 8,636 thousand (approximately NT\$397,190 thousand) shown in the consolidated balance sheet as of December 31, 2018. The Group recognized a reversal of the impairment loss of \$78,924 thousand and purchasing agreement losses for \$398,581 thousand for the year ended December 31, 2018.

2) Material sell-buy agreements:

As of December 31, 2018, the Group entered into irrevocable sell-buy agreements with several companies.

The information was as follows:

Company Name	Buyer	Duration	Note
Yong Liang	Taiwan Power Company	20 years	Sale of electricity to third parties without prior permission is disallowed
ET ENERGY	Indianapolis Power & Light Company, USA	15 years	Sale of electricity to third parties without prior permission is disallowed
NCH Solar1	Good Energy Limited, UK	20 years	Sale of electricity to third parties without prior permission is disallowed
CEDAR FALLS	Cedar Falls Utilities	25 years	Sale of electricity to third parties without prior permission is disallowed
JRC	Dominican (Corporación Dominicana de Empresas Eléctricas Estatales) CDEEE	20 years	Sale of electricity to third parties without prior permission is disallowed
RER CT57	USA Town of East Haddam	25 years	Sale of electricity to third parties without prior permission is disallowed
GES ME	Dubai DP World FZE	20 years	Sale of electricity to third parties without prior permission is disallowed
Hashimoto	Kansai Electric Power Co., Inc.	20 years	Sale of electricity to third parties without prior permission is disallowed
Anderson N.	Indiana Municipal Power Agency	25 years	Sale of electricity to third parties without prior permission is disallowed
Anderson S.	Indiana Municipal Power Agency	25 years	Sale of electricity to third parties without prior permission is disallowed
Richmond	Indiana Municipal Power Agency	25 years	Sale of electricity to third parties without prior permission is disallowed
Rensselare	Indiana Municipal Power Agency	25 years	Sale of electricity to third parties without prior permission is disallowed

Yong Liang entered into a sell-buy agreement, which included the agreement on the sale of 26 facilities and other related agreements, with Chailease Finance Co., Ltd. (Chailease Finance) in March 2016. The agreement specified that Yong Liang was obliged to assist in all paper work relevant to the alteration, which should be completed by September 30, 2016, and to submit guarantee deposits of \$25,000 thousand to Chailease Finance. Chailease Finance will return the guarantee deposits after all the obligations has been fulfilled. As of December 31, 2018, preparation of related document is in progress.

All transactions in the sale of 71 facilities of Yong Tang were completed on September 30, 2014. Because partial facilities have not obtained the registration certificate of power generation facilities and some flaws in the rental agreement need to be supplemented and corrected, the Group needed to submit guarantee deposits of \$5,615 thousand of the construction in progress as of December 31, 2018. The settlement agreement was reached between the parties; the security deposit is expected to be collected during 2018.

- 3) GES entered into construction contracts with several contractors with a total contact price of \$2,906,734 thousand and unpaid amount was \$1,416,991 thousand. GES ME entered into construction contracts with several contractors with a total contact price of USD21,176 thousand and unpaid amount was USD2,623 thousand.

BPS, NSP System and GES ME have obtained orders for power facility construction and contracted the projects out to contractors. BPS entered into construction and material contracts with the contractors with a total contract price of \$43,717 thousand and the unpaid amount was \$15,738 thousand as of December 31, 2018. NSP System entered into construction contracts with the contractors with a total contract price of \$1,102,150 thousand and the unpaid amount was \$424,289 thousand as of December 31, 2018.

- 4) GES entered into equity purchase or assets purchase agreements with several companies with a total contract price of \$257,175 thousand and the unpaid amount was \$119,134 thousand as of December 31, 2018.
- 5) GES has entered into project agreements for specific solar electric power plants developments with related parties for 30,740 thousand with the amount of 9,222 thousand unpaid.
- 6) Unused letters of credit amounted to approximately US\$3,649 thousand of December 31, 2018.

b. Contingencies

- 1) The controversy associated with payment for goods between the Group and company CD:

The Group filed an appeal with Wujiang District Intermediate People's Court on July 3, 2015 to request CEEG (Shanghai) and CEEG (Nanjing), both are CD group companies, to return RMB48,230 thousand. Wujiang District Intermediate People's Court ruled in the Group's favor on September 23, 2015, but company CD appealed to the court of second instance on October 8, 2015.

During the appeal, the Group and company CD, a CD group company, reached an agreement on December 30, 2015 after mediation. According to the agreement, CEEG (Shanghai) would propose a specific payment schedule with an expected repayment of RMB48,230 thousand and CEEG (Nanjing) assumed joint liability.

CD Group did not make payments according to the terms of the above payment schedule; hence, the Group has entrusted a law firm to apply for a compulsory enforcement of the award. The Group recognized all above mentioned account receivables as a loss. DelSolar Wu Jiang received a total of RMB20,537 thousand through cash appropriated by the enforcement of the court and cash payments received from CEEG (Shanghai) as of March 18, 2019. CEEG (Shanghai) has repaid a debt to DelSolar Wu Jian with solar cells assemblies for 3,148 thousand as of March 18, 2019; CEEG (Shanghai) will continuously to repay the outstanding amount on the basis of RMB300 thousand per month to DelSolar Wu Jiang.

In addition, the controversy associated with payment for goods between the Group and CEEG's (Shanghai): In August 2016, the Group has entrusted a law firm to go to arbitration for the overdue payment of CD Group's CEEG (Shanghai) in the China International Economic and Trade Arbitration Commission (CIETAC). The Group requested payment of USD1,255 thousand. The Group prevailed in the proceeding on December 23, 2016, and CEEG (Shanghai) has to pay USD1,254 thousand in overdue payments and USD25 thousand in overdue penalties to the Group. The Group has applied to the court for a compulsory enforcement of the award.

- 2) In the controversy of whether to continuously perform the supply agreement, company K requested the help of Hsin-chu district court on January 13, 2016 to demand payment of \$10,000 thousand in partial claims. The company K requested to increase the payment to \$500,000 thousand in August

2016. NSP has filed a counterclaim against the company K to Hsin-chu district court on March 21, 2017 to reimburse prepayment and to demand payment of \$20,000 thousand in partial claims.

On October 13, 2017, the Hsin-chu district court ruled that the Corporation should pay company K \$500,000 thousand and accrued interest payable at 5% per annum beginning from December 31, 2015. Simultaneously, Hsin-chu district court dismissed the Corporation's request for return of advance payment against supplier K. In the first court session, the Corporation considered the result of verdict as having a lot of violations; thus, the Corporation has engaged an attorney to lodge an appeal to safeguard the legitimate rights of the Corporation. Based on conservatism concept, the Corporation accrued a potential loss and necessary adjustment will be made depending on the ruling.

- 3) In March 2015, the Corporation received a notice of arbitration initiated by the controversy that resulted from the long-term materials supply agreement, which was signed in February 2008, between DelSolar and company AH. the Corporation believed that there were unsolved issues on the long-term materials supply agreement which will need further clarification from both parties. Therefore, the Corporation engaged an attorney to assist on the process.

AH, the raw material supplier, requested that the Corporation pay the remaining unpaid amount of EUR36,089 thousand for the incomplete work under the outstanding WAFER procurement contract from 2009 to 2012, which was signed between the supplier and the Corporation before the acquisition of DelSolar. AH also requested that the Corporation pay additional interest and other expenses for delaying the performance obligation. AH, the supplier, recorded the above issue and communicated it with the arbitration tribunal. Furthermore, during the period from 2013 to 2015 (after the acquisition of DelSolar), the remaining unpaid amount of EUR68,372 thousand should be paid by the Corporation with additional interest and other expenses to AH, the supplier, under the WAFER procurement contract. However, the material supplier has not yet presented any probable or reliably measurable obligations to the Corporation. the Corporation received the result of arbitration in November 2017, the tribunal ruled that the Corporation should comply with the conditions of the purchase agreement. However, in consideration of the transaction price of wafer each year, significant reduction of the agreed price is necessary. The tribunal adjudicated that EUR28,160 thousand should be paid by the Corporation with additional interest to AH and AH should grant 22,908 thousand pieces of wafers to the Corporation. Having made a preliminary assessment, the Corporation evaluated the impact of the arbitration was immaterial. On May 31, 2013, the acquisition date of DelSolar, the Corporation has provided reserves USD15,454 and accrued a probable losses and interest expense with the result of the arbitration. In order to meet the result settled by the arbitration, the Corporation and AH make the payments and delivery of silicon wafers in accordance with the agreement. The Corporation has paid the principal of EUR27,500 thousand and interest payable of EUR1,175 thousand to the supplier AH in 2018. There will not be any other rights and obligations of delivering silicon wafers on both parties. As of December 13, 2018, the Corporation has recognized additional losses on purchasing contracts for 398,581 thousand and made a reversal of compensation for interests for 239,274 thousand.

- 4) Company CE has requested an arbitration on the controversy between company CE and its third-party vendor company G at the Hong Kong International Arbitration Centre, where its arbitral awards are enforced and recognized by ROC courts. With respect to the enforcement of such arbitral awards, company CE requested the issuance of an order for attachment and an order for transfer of the Corporation's debentures of payments of goods. the Corporation's made a statement that the Corporation continuously disagreed with the demand of company CE since February 2016; therefore, company CE advocated that the Corporation should pay a total of \$60,480 thousand and an accrued interest payable at 5% per annum. In August 2017, the Hsin-chu district court ruled that the Corporation should pay CE company \$60,480 thousand and accrued interest payable 5% per annum. As company CE has applied for the implementation of debt restructuring in mainland China with its third party vendor company G, and the Corporation instructed legal counsels to subsequently answer the charges. NSP considered the result of the verdict as having a lot of violation, and has engaged an attorney to lodge an appeal. The case is currently before the Taiwan

High Court. The Corporation has accrued a probable losses and will adjust any amount base on the result of such verdict, if necessary.

- 5) The dispute over the buy-sell agreement between DelSolar Wu Jiang and company JE, was admitted to the Shanghai Jiading People's Court on July 25, 2016, and the first, the second and the third court sessions were heard on September 7, 2016, November 25, 2016 and March 4, 2017, respectively. The total amount involved was RMB5,947 thousand, which was composed of a return of advance payments of RMB5,406 thousand, a penalty of RMB500 thousand, and interest losses of RMB41 thousand accrued as of the court filing date. Regarding to the circumstances of the case, DelSoar Wu Jiang has changed the litigation strategy and decided to withdraw the lawsuit on July 6, 2017. On July 10, 2017, DelSoar Wu Jiang has again appealed to the court requiring JE to pay back the prepayments of RMB4,071 thousand, with monetary losses in terms of interest payments incurred from June 23, 2016 to the day on which the appeal was made; the interest was based on the bank interest rate of the comparable period. Waiting for the court decision after two trials on December 5, 2017 and March 14, 2018.
- 6) JRC, a subsidiary of GES is required to compensate the company, Corporation 40, USD900 thousand due to a consultancy agreement's lawsuit; the judgement was passed in the Dominican General Court. GES has accrued a probable losses based on accounting conservatism. The litigation case is under appeal with no latest progress.
- 7) The dispute over the buy-sell agreement between DelSolar Wu Jiang and company CZ, has been filed a petition to Wu Jiang People's Court by DelSolar Wu Jiang for an order of claiming company CZ's payment of RMB7,798 thousand, a penalty of RMB693 thousand as of February 3, 2017, the penalty from February 4, 2017 to the date of settlement, and the case acceptance fee and has reconciled on June 15, 2017. CZ company was requested for a payment of RMB7,798 thousand by installment payment, a penalty of RMB872 thousand (as of May 8, 2017) and the case acceptance fee RMB44 thousand. CZ company did not make payments according to the terms of the payment schedule; hence, DelSolar Wu Jiang has entrusted a law firm to apply for a compulsory enforcement of the award. CZ company paid the amount of RMB8,487 thousand and will continue to apply to the court for RMB227 thousand, penalty and litigation expense as of December 12, 2018. A company real estate and two vehicles have been seized by the court and the proceeds are requested to settle all outstanding balances owed to DelSolar Wu Jiang by auction in court.
- 8) The Corporation entered into a gas distribution agreement with EQ company on May 1, 2011. The agreement stated that EQ company would provide nitrogen, pure oxygen and other gases to GEC factories located at the Hsin-chu Industrial Science Park in Zhu-nan, Miaoli. After the business combination between the Corporation and GEC, the Corporation undertook all the rights, obligations and liabilities of the above mentioned agreement. The Corporation terminated the contract earlier in accordance with the section 7.5 of the agreement due to the factories in Zhu-nan was closed permanently on October 31, 2016. Under the section 7.5 of the agreement about the calculation and amount of early termination, EQ company continuously requested an unreasonable price and thus, no consensus has been reached between the two delegations through ongoing negotiation. EQ company has filed an application for arbitration to request a payment of NTD 60,900 thousand with an annual interest of 5%. The Corporation has instructed counsel to respond the unreasonable request.
- 9) Company CE requested an arbitration on the controversy between company CE and its third-party vendor company G at the Hong Kong International Arbitration Centre, where its arbitral awards are enforced and recognized by the ROC courts. With respect to the enforcement of such arbitral awards, company CE requested the issuance of an order to obtain the right of withholding payments of goods from Gintech; the company Gintech stated that there was no existing creditor's right as the company received the order to withhold. As a result, CE has filed an application for arbitration to ensure the existing creditor's right of NTD 5,000 thousand on March 14, 2016. Additionally, CE has filed another application to expand the request to further ensure the existing creditor's right of NTD 10,000 thousand. CE company has instructed counsel to respond the request from Gintech.

45. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On January 26, 2019, the Group signed a contract with CVI Clean Capital Solar 3 LLC to sell 100% of two subsidiaries, ET ENERGY and TIPPING POINT, and the contract price was US\$24,246 thousand.

46. SIGNIFICANT DENOMINATED IN FOREIGN CURRENCIES ASSETS AND LIABILITIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies are aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31			
	2018		2017	
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)
<u>Financial assets</u>				
Monetary assets				
USD	\$ 224,768	30.7400	\$ 212,131	29.8480
USD (Note 2)	260	6.8677	928	6.5527
USD (Note 3)	25,523	32.2222	-	-
EUR	14,999	35.2200	18,675	35.4860
JPY	23,475	0.2781	45	0.2634
RMB	50,346	4.4760	30	4.5551
GBP	2,058	38.9500	13,818	40.0205
DOP	386	0.6116	1,579	0.6179
Non-monetary assets				
USD	1,144	30.7400	1,094	29.8480
USD	805	28.9978	62	29.8900
EUR	600	32.2300	600	37.6500
MYR	52,054	7.1190	-	-
<u>Financial liabilities</u>				
Monetary liabilities				
USD	229,154	30.7400	254,156	29.8480
USD (Note 2)	-	-	8	6.5527
USD (Note 3)	9,132	32.2222	-	-
USD (Note 4)	-	-	1,529	64.3137
EUR	10,097	35.2200	8,229	35.4860
EUR (Note 2)	210	7.8686	210	7.7904
EUR (Note 3)	29	36.9182	-	-
JPY	44,610	0.2781	34,500	0.2634
GBP	38	38.9500	21	40.0205
RMB	536	4.4760	6,749	4.5551
DOP	1,576	0.6116	1,132	0.6179
NTD (Note 3)	146	1.0482	-	-

Note 1: Exchange rates between foreign currencies and the New Taiwan dollar, except where specified.

Note 2: Exchange rates between foreign currencies and RMB.

Note 3: Exchange rates between foreign currencies and THB.

Note 4: Exchange rates between foreign currencies and INR.

For the year ended December 31, 2018 and 2017, realized and unrealized foreign exchange (losses) gains were \$(61,243) thousand and \$73,979 thousand, respectively. It is impractical to disclose net foreign exchange (losses) gains by each significant foreign currency due to the variety of the foreign currency transactions of the group entities.

47. SEPARATELY DISCLOSED ITEMS

Following are the additional disclosures required by the Securities and Futures Bureau for the Corporation:

- a. Financings provided to others: Table 1 (attached)
- b. Endorsements/guarantees provided: Table 2 (attached)
- c. Marketable securities held (not including investments in subsidiaries, associates, and joint ventures): Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Table 4 (attached)
- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None (attached)
- g. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Table 5 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
- i. Trading in derivative instruments: None (attached)
- j. Related information of investees over which the Corporation exercises significant influence: Table 7 (attached)
- k. Investments in mainland China:
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 8 (attached)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 9 (attached)
- l. Intercompany relationships and significant intercompany transactions: Table 10 (attached)

48. SEGMENT INFORMATION

Financial information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on sales from each type of products. The measurement basis of the reportable segments are the same as the Group's consolidated financial statements. The Group's main reportable segments are solar cells, modules and power facilities.

a. Segment revenue and operating results

	Segment Revenue			
	For the Year Ended December 31			
	2018		2017	
	From External Customers	Inter-segment Sales	From External Customers	Inter-segment Sales
Modules	\$ 7,190,802	\$ 328,292	\$ 5,006,856	\$ 810,768
Solar cells	3,315,166	67,031	3,863,086	85,169
Power facilities	2,079,185	10,806	1,096,800	2,862
Others	<u>398,767</u>	<u>93,258</u>	<u>281,145</u>	<u>87,603</u>
Total for continuing operations	<u>\$ 12,983,920</u>	<u>\$ 499,387</u>	<u>\$ 10,247,887</u>	<u>\$ 986,402</u>

	Segment Profit or Loss	
	For the Year Ended December 31	
	2018	2017
Solar cells	\$ (1,279,860)	\$ (1,376,193)
Modules	(55,837)	(1,036,959)
Power facilities	614,362	414,122
Others	<u>(101,887)</u>	<u>3,702</u>
Gross loss of reportable segments	(823,222)	(1,995,328)
Unrealized intercompany (loss) profit	<u>92,971</u>	<u>11,933</u>
	(730,251)	(1,983,395)
Unallocated amount		
Operating expenses	(1,718,847)	(1,751,181)
Other income and expenses	(260,027)	(158,372)
Non-operating income and expenses	<u>2,268,822</u>	<u>(237,778)</u>
Net loss profit before income tax	<u>\$ (440,303)</u>	<u>\$ (4,130,726)</u>

Segment profit or loss represents profit or loss created by each segment without the allocation of operating expenses and non-operating income expenses. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment assets

The Group does not provide information on assets regularly to the Group's chief operating decision maker; thus, the measure of assets is zero.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	For the Year Ended December 31	
	2018	2017
Modules	\$ 7,190,802	\$ 5,006,856
Solar cells	3,249,827	3,737,631
Power facilities	712,943	15,205
Others	<u>1,830,348</u>	<u>1,488,195</u>
	<u>\$ 12,983,920</u>	<u>\$ 10,247,887</u>

d. Geographical information

The Group's revenue from continuing operations from external customers by location of customers' countries and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2018	2017	2018	2017
Taiwan	\$ 6,739,846	\$ 3,339,331	\$ 15,519,313	\$ 6,672,089
Germany	1,991,574	2,260,769	-	-
USA	1,027,606	1,024,351	531,378	1,572,469
China	653,442	1,211,172	487,322	714,827
Mexico	24,346	12,033	1,050,214	717,760
United Arab Emirates	2,815	1,382	1,563,839	620,470
Others	<u>2,544,291</u>	<u>2,398,849</u>	<u>904,464</u>	<u>865,284</u>
	<u>\$ 12,983,920</u>	<u>\$ 10,247,887</u>	<u>\$ 20,056,530</u>	<u>\$ 11,162,899</u>

Non-current assets exclude investments accounted for using the equity method, prepaid investments in shares, financial instruments, deferred tax assets, goodwill, brands and other assets.

e. Information about major customers

Single customers who contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31			
	2018		2017	
	Amount	%	Amount	%
Custom DP	\$ 1,795,032	14	NA (Note)	NA (Note)
Custom CO	1,386,659	11	\$ 1,358,778	13

Note: Revenue less than 10% of the Group's revenue.

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	The Corporation	GES UK	Other receivables from related party	YES	\$ 1,109,500	\$ -	\$ -	2.80%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,490,701 (Note 2, 3, 4 and 5)	\$ 4,981,402	Note 2
		CFY	Other receivables from related party	YES	915,090	106,929	106,929	5.00%	2	-	Operating capital	-	-	-	2,490,701 (Note 2, 3, 4 and 5)	4,981,402	Note 2
		Apex	Other receivables from related party	YES	550,000	300,000	24,000	3.00%	2	-	Operating capital	-	-	-	2,490,701 (Note 2, 3, 4 and 5)	4,981,402	Note 2
		Zhongyang	Other receivables from related party	YES	500,000	200,000	-	3.00%	2	-	Operating capital	-	-	-	2,490,701 (Note 2, 3, 4 and 5)	4,981,402	Note 2
		Sunshine PV	Other receivables from related party	YES	200,000	200,000	200,000	1.608%	2	-	Operating capital	200,000	-	-	2,490,701 (Note 2, 3, 4 and 5)	4,981,402	Note 2
		Huiyang	Other receivables from related party	YES	150,000	130,000	-	3.00%	2	-	Operating capital	-	-	-	2,490,701 (Note 2, 3, 4 and 5)	4,981,402	Note 2
		Fukushima Plant 1	Other receivables from related party	Note 7	18,991	-	-	-	-	2	-	Operating capital	-	-	-	2,490,701 (Note 2, 3, 4 and 5)	4,981,402
1	GES	Ever Lite	Other receivables from related party	YES	20,000	-	-	2.20%	2	-	Operating capital	-	-	-	156,429 (Note 2, 3, 4 and 5)	625,716	Note 2
		GES USA	Other receivables from related party	YES	93,000	-	-	2.20%	2	-	Operating capital	-	-	-	156,429 (Note 2, 3, 4 and 5)	625,716	Note 2
2	GES UK	GES JAPAN	Other receivables from related party	YES	214,900	-	-	2.20%~2.90%	2	-	Operating capital	-	-	-	2,686,472 (Note 2, 3, 4 and 5)	2,686,472	Note 2
		GES KYUSHU	Other receivables from related party	YES	92,010	-	-	2.20%~2.90%	2	-	Operating capital	-	-	-	2,686,472 (Note 2, 3, 4 and 5)	2,686,472	Note 2
		GES USA	Other receivables from related party	YES	381,250	381,250	381,250	2.20%~2.90%	2	-	Operating capital	-	-	-	2,686,472 (Note 2, 3, 4 and 5)	2,686,472	Note 2
3	GES JAPAN	GES UK	Other receivables from related party	YES	121,500	121,500	121,500	2.90%	2	-	Operating capital	-	-	-	733,633 (Note 2, 3, 4 and 5)	733,633	Note 2
		GES	Other receivables from related party	YES	54,000	54,000	54,000	2.90%	2	-	Operating capital	-	-	-	73,363 (Note 2, 3, 4 and 5)	293,453	Note 2
4	DelSolar Wu Jiang	NSP Nanchang	Other receivables from related party	YES	324,527	313,320	313,320	2.73%	2	-	Operating capital	-	-	-	1,141,561 (Note 2, 3, 4 and 5)	1,141,561	Note 2

Note 1: Nature of Financing:
1) For business;
2) For short-term financing.

Note 2: The financing company's total financing amount for one counterparty should not exceed 40% of the financing company's net asset value. The net asset value of GES, GES UK, GES JAPAN and DelSolar Wu Jiang is based on the latest audited or reviewed financial statement.

Note 3: The financing company's total financing should not exceed 20% of its net asset value. A single financing should not exceed the transaction amount between the financing company and counterparty within one year and should not exceed the highest amount of purchases or sales.

Note 4: The Corporation's total amount of financing for short-term financing should not exceed 20% of its net asset value and the financing for a counterparty should not exceed 10% of its net asset value.

Note 5: GES's total amount of financing for short-term financing should not exceed 40% of its net asset value and the financing for a counterparty should not exceed 10% of its net asset value.

Note 6: Overseas subsidiaries wholly-owned directly or indirectly by the Corporation and GES are not subject to Note 2. The financing company's total financing should not exceed three years and the total amount of financing and the financing for a counterparty should not exceed 100% of its net asset value.

Note 7: Solartech Energy has disposed of the shares of Fukushima Plant 1 in January 2018 and it became a non-related party on the reporting date.

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China		
		Name	Relationship												
0	The Corporation	GES	Subsidiary	\$ 4,981,402	\$ 1,653,000	\$ 1,653,000	\$ 1,092,961	-	6.64	\$ 12,453,506	YES	-	-		
		Zhongyang	Subsidiary	4,981,402	1,380,000	770,000	752,294	-	3.09	12,453,506	YES	-	-		
		ECOVE solar energy corporation	Note 4	4,981,402	719,110	-	-	-	-	-	12,453,506	YES	-	-	
		Gintech (Thailand)	Subsidiary	4,981,402	623,825	623,825	397,103	-	2.50	12,453,506	YES	-	-		
		NSP System	Subsidiary	4,981,402	500,000	500,000	163,200	-	2.01	12,453,506	YES	-	-		
		NSP UK	Subsidiary	4,981,402	367,956	-	-	-	-	-	12,453,506	YES	-	-	
		NSP Indygen	Subsidiary	4,981,402	364,500	364,500	364,500	-	1.46	12,453,506	YES	-	-		
		GES UK	Subsidiary	4,981,402	310,000	305,510	305,510	-	1.23	12,453,506	YES	-	-		
		CFR	Subsidiary	4,981,402	310,000	305,510	305,510	-	1.23	12,453,506	YES	-	-		
		Apex	Subsidiary	4,981,402	263,000	263,000	261,000	-	1.06	12,453,506	YES	-	-		
		Solar Japan	Subsidiary	4,981,402	146,489	-	-	-	-	-	12,453,506	YES	-	-	
		Fukushima Plant 1	Note 5	4,981,402	145,417	-	-	-	-	-	12,453,506	YES	-	-	
		1	GES	Yong Han (Note 6)	Associate	1,564,289	1,000,000	-	-	-	-	3,128,578	YES	-	-
				GES UK	Subsidiary	1,564,289	743,900	619,900	481,765	-	39.63	3,128,578	YES	-	-
Yong Liang	Subsidiary			1,564,289	487,250	417,250	233,645	-	26.67	3,128,578	YES	-	-		
GES USA	Subsidiary			1,564,289	296,567	117,367	117,367	-	7.50	3,128,578	YES	-	-		
GES	Subsidiary			1,564,289	51,120	51,120	50,000	-	3.27	3,128,578	YES	-	-		
Yun Yeh (Note 6)	Associate			1,564,289	15,594	-	-	-	-	-	3,128,578	YES	-	-	
2	GES USA			MEGATHIRTEEN	Subsidiary	1,084,401	636,000	255,000	255,000	-	23.52	2,168,802	YES	-	-
		TEV solar	Subsidiary	1,084,401	606,050	311,550	310,000	-	28.73	2,168,802	YES	-	-		
		MUNISOL	Subsidiary	1,084,401	134,532	134,532	134,532	-	12.41	2,168,802	YES	-	-		
3	NSP UK	Meadowley (Note 7)	Subsidiary	143,188	87,438	-	-	-	-	715,940	YES	-	-		
		NSP Indygen	Subsidiary	143,188	87,438	-	-	-	-	715,940	YES	-	-		
		POTTERS BAR (Note 7)	Subsidiary	143,188	87,438	-	-	-	-	715,940	YES	-	-		
		CLAY CROSS (Note 7)	Subsidiary	143,188	87,358	-	-	-	-	715,940	YES	-	-		
		Bryncrynu (Note 7)	Subsidiary	143,188	82,311	-	-	-	-	715,940	YES	-	-		
		BELPER (Note 7)	Subsidiary	143,188	82,311	-	-	-	-	715,940	YES	-	-		

Note 1: In accordance with the "Rules of Guarantees by the Corporation," the ceiling for the total guaranteed amount was 50% of the Corporation's net asset value, and the limit on the guaranteed amount for a single party was 20% of the Corporation's net asset value. But for business purposes, the limit of the guaranteed amount was the total of the purchases from or sales to the Corporation within the most recent year.

Note 2: Based on the "Rules of Guarantees by GES and GES USA," the ceiling for the total guaranteed amount was 200% of GES's and GES USA's net asset value, and the limit of the guaranteed amount for a single party was 100% of GES's net asset value. But for business purposes, the limit on the guaranteed amount was the total of the purchases from or sales to GES and GES USA within the most recent year. GES's and GES USA's net asset value is based on its latest financial statements.

Note 3: Based on the "Rules of Guarantees by NSP UK," the ceiling for the total guaranteed amount was 500% of NSP UK's net asset value, and the limit of the guaranteed amount for a single party was 100% of NSP UK's net asset value. But for business purposes, the limit on the guaranteed amount was the total of the purchases from or sales to NSP UK within the most recent year. NSP UK's net asset value is based on its latest financial statements.

Note 4: Gintech Energy has disposed of the share of ECOVE solar energy corporation September, 2018, so it is non related party on the reporting date.

Note 5: Solartech Energy has disposed of the shares of Fukushima Plant 1 in January 2018 and it became a non-related party on the reporting date.

Note 6: Originally a subsidiary of GES, it was sold to Neo Cathay on March, 2018 and became a related party.

Note 7: Originally a subsidiary of NSP Indygen, it has disposed on December, 2018 and became a related party.

Note 8: In accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" Article 4.1.1. (3), although, the guaranteed party is GES itself, GES issued a separate promissory note to a non-financial enterprise to meet the financing needs, which is still in accordance with the term "endorsements/guarantees" under Article 4 of the regulations.

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

MARKETABLE SECURITIES HELD

DECEMBER 31, 2018

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Shares</u> CTCI	Investee	Financial assets at fair value through other comprehensive income- current	3,003	\$ 133,333	0.39	\$ 133,333	—
	SAS.	Investee	Financial assets at fair value through other comprehensive income- non-current	21,860	1,337,855	3.73	1,337,855	Note 1
	TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	4,000	66,240	5.44	66,240	Notes 2 and 3
	EXOJET	Investee	Financial assets at fair value through other comprehensive income- non-current	5,885	45,962	12.06	45,962	—
	TSCC	Investee	Financial assets at fair value through other comprehensive income- non-current	1,691	18,601	0.85	18,601	—
	NTNU	Investee	Financial assets at fair value through other comprehensive income- non-current	200	2,000	2.60	2,000	—
	ASIA GLOBAL VENTURE CAPITAL II CO., LTD.	Investee	Financial assets at fair value through other comprehensive income- non-current	1,000	22,137	10.00	22,137	—
	SUN APPENNINO CORPORATION	Investee	Financial assets at fair value through other comprehensive income- non-current	-	19,338	26.09	19,338	—
	FICUS CAPITAL CORPORATION	Investee	Financial assets at fair value through other comprehensive income- non-current	-	-	28.07	-	—
GES	<u>Shares</u> Puttable preference shares – Phanes Holding	Other related party	Financial assets at amortized cost- non-current	24	153,700	100.00	153,700	—
Prime Energy	<u>Shares</u> TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	359	6,372	0.49	6,372	—
New Ray Investment	<u>Shares</u> TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	3,000	49,680	4.08	49,680	Notes 2 and 3
Apex	<u>Shares</u> TOP GREEN ENERGY TECHNOLOGIES INC.	Investee	Financial assets at fair value through other comprehensive income- non-current	8,889	27,098	7.11	27,098	-
GES USA	<u>Shares</u> TG ENERGY SOLUTIONS LLC	Investee	Financial assets at fair value through other comprehensive income- non-current	-	615	10.00	615	—

Note 1: The asset has been pledged as collaterals for long-term bank loans and financing facilities. For the details refer to Note 43.

Note 2: The above amount is based on fair value. For those pertaining to private-placement shares, the amount is based on quoted market prices; and for those that cannot be traded during the lock-up period, the amount is based on relevant market prices.

Note 3: TTMC's shares held by the Corporation and New Ray Investment through private equity placement were restricted under Article 43-8 of the Securities and Exchange Act.

Note 4: The above marketable securities had not been pledged or mortgaged as of December 31, 2018.

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Shares	Shares	Shares	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
GES USA	Shares MEGASIXTEEN	Investment accounted for using the equity method	-	Subsidiary	-	\$ -	11,981	\$ 351,772	-	\$ -	\$ -	\$ -	11,981	\$ 349,397
MEGASIXTEEN	GES AC	Investment accounted for using the equity method	-	Subsidiary	-	175,722	-	559,484	-	-	-	-	-	766,692
GES UK	GES USA	Investment accounted for using the equity method	-	Subsidiary	28,680	781,062	11,000	331,976	-	-	-	-	39,680	1,054,070
TEV Solar	AC GES SOLAR	Investment accounted for using the equity method	-	Subsidiary	-	-	19,675	593,754	-	-	-	-	19,675	604,816
AC GES Solar	Richmond	Investment accounted for using the equity method	-	Subsidiary	-	-	19,259	581,226	-	-	-	-	19,259	592,592

Note 1: Included subsidiaries' issued common shares for cash, the investments in subsidiaries in this period, shares of the gain and loss of associates and joint ventures and exchange differences in translating foreign operations.

Note 2: The transactions were eliminated in the consolidated report.

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Corporation	GES	Subsidiary	Sale	\$ 130,258	1.26	60 days from the invoice date	\$ -	-	\$ -	-	Note 1
	NSP System	Subsidiary	Sale	127,546	1.24	60 days from the invoice date	-	-	95,436	3.21	Note 1
	CFC	Associate	Sale	233,984	2.27	60 days from the invoice date	-	-	118,079	4.09	Note 1
	JSP	Associate	Sale	198,580	1.93	60 days from the invoice date	-	-	31,643	1.10	Note 1
NSP System	Si One	Associate	Sale	227,025	67.74	120 days from the invoice date	-	-	-	-	Note 1
	Da li Energy	Associate	Sale	105,283	31.41	120 days from the invoice date	-	-	-	-	Note 1
CFR	CFC	Associate	Sale	228,784	98.81	90 days from the invoice date	-	-	177,193	100.00	Note 1
	Greenskies Renewable Energy LLC	Associate	Purchase	132,752	31.94	90 days from the invoice date	-	-	-	-	Note 2
GES	Yong Liang	Subsidiary	Sale	106,403	44.41	Open account 180 days	-	-	-	-	Note 1
	Yong Han	Associate	Sale	106,323	44.38	Open account 180 days	-	-	-	-	Note 1

Note 1: The amounts were based on total notes or accounts receivable (payable) or total purchase (sale) amounts of the buyer (seller).

Note 2: The amounts were based on total sale amounts of the seller or total amount due from customers for construction contracts.

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Actions Taken			
The Corporation	DeSolar US	Subsidiary	\$ 993,716	-	\$ -	Receivable according to the financial situation	\$ -	\$ -	
	NSP NEVADA	Subsidiary	578,952	-	34,365	Receivable according to the financial situation	-	-	
	GES ME	Subsidiary	571,235	-	-	Receivable according to the financial situation	-	-	
	GES	Subsidiary	465,402	0.30	401,316	Receivable according to the financial situation	200	-	
	Gintech (Thailand)	Subsidiary	264,429	-	163,387	Receivable according to the financial situation	302,974	-	
	Sunshine PV	Associate	430,503	-	-	Receivable according to the financial situation	-	430,503	
	CFY	Associate	133,141	-	114,412	Receivable according to the financial situation	-	-	
	CFC	Associate	118,079	2.20	118,079	Receivable according to the financial situation	-	21,980	
	DelSolar WuJiang	NSP Nanchang	Subsidiary	382,686	-	62,338	Receivable according to the financial situation	-	-
	NSP UK	NSP Indygen	Subsidiary	187,667	-	-	Receivable according to the financial situation	-	-
DelSolar US	CFR	Subsidiary	943,364	-	-	Receivable according to the financial situation	-	-	
NSP NEVADA	GES USA	Subsidiary	249,840	-	-	Receivable according to the financial situation	-	-	
CFR	CF Lessee LOB LLC	Associate	493,797	-	-	Receivable according to the financial situation	-	-	
	CFC	Associate	290,324	-	-	Receivable according to the financial situation	-	-	
	Clean Focus Management Acquisition LLC	Other related party	188,319	-	-	Receivable according to the financial situation	-	-	
	DevCo One	Associate	123,919	-	-	Receivable according to the financial situation	-	-	
USD1	CFR	Subsidiary	245,139	-	-	Receivable according to the financial situation	-	-	
GES	GES USA	Grandson company	147,750	-	147,750	Receivable according to the financial situation	-	-	
	Yong Yao	Subsidiary	255,828	-	66,732	Receivable according to the financial situation	-	-	
GES JAPAN	GES	Parent company	226,159	-	170,489	Receivable according to the financial situation	-	-	
	Hashimoto	Subsidiary	209,810	-	209,070	Receivable according to the financial situation	-	-	
	GES UK	Parent company	125,619	-	-	Receivable according to the financial situation	-	-	
GES USA	MUNISOL	Grandson company	773,580	-	647,330	Receivable according to the financial situation	-	-	
GES UK	JRC	Grandson company	445,217	-	445,217	Receivable according to the financial situation	-	-	
	GES USA	Subsidiary	398,276	-	387,655	Receivable according to the financial situation	-	-	
TEV II	TEV Solar	Subsidiary	609,000	-	-	Receivable according to the financial situation	-	-	

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Value				
The Corporation	UES	Independent State of Somoa	Investment company	\$ 1,910,636	\$ Note 11	61,930	100	\$ 1,863,226	\$ (89,195)	\$ (89,195)	-	
	DelSolar Cayman	Cayman Islands	Investment company	4,597,639	4,582,166	145,126	100	1,775,871	(356,660)	(356,249)	-	
	GES	Hsin-chu, Taiwan	Electronic component manufacturing and selling	3,070,777	3,070,777	191,200	100	1,533,985	(369,132)	(368,747)	-	
	NSP BVI	British Virgin Islands	Investment company	1,426,179	1,426,179	45,001	100	1,407,681	53,546	53,546	-	
	GES ME	Dubai	Solar related business	418,805	418,805	4	100	368,249	3,379	3,379	-	
	Apex	Hsin-chu, Taiwan	Solar related business	145,994	Note 11	48,500	100	157,341	7,756	7,756	-	
	NSP System	Tainan, Taiwan	Solar related business	144,200	144,200	14,420	100	145,785	18,796	31,151	-	
	NSP UK	London, UK	Investment company	138,967	138,967	3,580	100	143,188	26,242	26,242	-	
	Prime Energy	Tainan, Taiwan	Electronic component manufacturing and selling	90,000	90,000	9,000	100	80,222	(151)	(151)	-	
	New Ray Investment	Tainan, Taiwan	Investment company	115,000	115,000	11,500	100	64,262	1,314	1,314	-	
	SolarTech Japan	Japan	Solar related business	36,205	Note 11	2	100	34,333	(2,693)	(2,693)	-	
	Zhongyang	Hsin-chu, Taiwan	Solar related business	24,121	Note 11	3,500	100	31,439	7,318	7,318	-	
	Huiyang	Hsin-chu, Taiwan	Solar related business	30,427	Note 11	3,100	100	30,295	(132)	(132)	-	
	DelSolar Singapore	Singapore	Investment company	29,743	29,743	1,250	100	18,692	47,981	3,917	-	
	BPS	Tainan, Taiwan	Solar related business	6,000	6,000	600	60	14,880	8,135	5,285	-	
	SMC	Hsin-chu, Taiwan	Solar related business	9,720	Note 11	1,000	100	9,658	(62)	(62)	-	
	True Honour Limited	Independent State of Somoa	Investment company	-	Note 11	-	-	-	47	47	Note 12	
	Utech	Miaoli, Taiwan	Electronic component manufacturing	57,169	Note 11	63,675	98.30	(134,504)	(186,513)	(172,974)	-	
	Neo Cathay	Tainan, Taiwan	Investment company	600,000	600,000	60,000	40	616,896	44,306	17,723	-	
	TSST	Malaysia	Solar related business	417,692	Note 11	97,701	42.12	254,093	(42,363)	(126,958)	Note 1	
	V5 Technology	Hsin-chu, Taiwan	Electronic component manufacturing and selling	114,084	114,084	7,790	41.43	69,860	(2,714)	(2,542)	-	
	Gintung	Taoyuan, Taiwan	Electronic component manufacturing	34,341	Note 11	13,460	36.38	44,424	(27,717)	10,083	-	
	JSP	Taipei, Taiwan	Solar related business	10,500	10,500	1,050	35	7,533	(5,095)	(1,783)	-	
	Sunshine PV	Hsin-chu, Taiwan	Solar related business	-	Note 11	13,281	19.47	-	(20,676)	-	Note 13	
	Solar PV	Cayman Islands	Investment company	-	Note 11	30,500	19.92	-	(1,812)	-	Note 13	
	UES	RES	Independent State of Somoa	Investment company	1,971,918	Note 11	61,930	100	1,827,182	(182,818)	(182,818)	-
	RES	Gintech (Thailand)	Thailand	Solar related business	1,964,202	Note 11	29,466	100	1,819,648	(183,242)	(183,242)	-
	GES	Yong Liang	Hsin-chu, Taiwan	Solar related business	249,000	219,000	24,900	100	249,030	1,382	1,382	-
		Yong Han	Hsin-chu, Taiwan	Solar related business	-	116,000	-	-	499	499	Note 7	
		Yun Yeh	Hsin-chu, Taiwan	Solar related business	-	8,000	-	-	171	171	Note 7	
	Yong Zhou	Hsin-chu, Taiwan	Solar related business	41,500	41,500	-	100	7,059	(5,576)	(5,576)	-	
	Ever Lite	Hsin-chu, Taiwan	Electronic component selling	6,000	6,000	-	100	2,787	5,281	5,281	-	
	Yong Yao	Changhua, Taiwan	Solar related business	142,000	42,000	14,200	100	140,093	(1,794)	(1,794)	-	
	Yong Shun	Hsin-chu, Taiwan	Solar related business	2,000	1,000	200	100	914	(1,064)	(1,064)	-	
	JRC	Dominican	Solar related business	3,717	3,717	1	1	1,954	(223,670)	(2,217)	-	
GES UK	GES UK	London, UK	Investment company	3,170,893	3,184,814	103,890	100	2,643,752	(205,793)	(205,793)	-	
	GES USA	Nevada, US	Investment company	1,185,163	859,768	39,680	100	1,054,070	(83,684)	(83,684)	-	
	NCH Solar 1	London, UK	Solar related business	414,684	414,684	7,947	100	331,104	7,892	7,892	-	
	GES Solar 2	London, UK	Solar related business	61,326	61,326	1,021	100	27,277	82	82	-	
	GES Solar 3	London, UK	Solar related business	3,328	3,328	67	100	(2,842)	(777)	(777)	-	
	GES CANADA	Yaboda, Canada	Investment company	371,356	371,356	10,540	100	230,687	(192,224)	(192,224)	-	
	GES JAPAN	Kitakyushu, Japan	Investment company	665,781	665,781	221	100	733,567	125,192	125,192	-	
GES USA	ET ENERGY	Indiana, US	Solar related business	141,220	247,759	4,800	100	139,843	(3,919)	(3,919)	-	
	TIPPING POINT	Ohio, US	Solar related business	34,471	34,471	1,155	100	18,463	(125)	(125)	-	
	MEGATWO	California, US	Solar related business	441,462	249,911	14,687	100	308,828	(11,105)	(11,105)	-	
	MEGATHREE	Delaware, US	Solar related business	38,606	38,606	1,284	40	34,539	1,752	1,734	-	
	MEGAFIVE	California, US	Solar related business	19,527	19,527	635	100	19,614	2,905	2,905	-	
	MEGASIX	California, US	Solar related business	-	-	-	-	(1,483)	(282)	(282)	Note 2	
	MEGASEVEN	California, US	Solar related business	-	89,026	-	-	-	(468)	(258)	Note 7	
	MEGAEIGHT	California, US	Solar related business	25,843	25,843	790	100	24,233	(15)	(15)	-	
	MEGAELEVEN	New York, US	Solar related business	-	56,056	-	-	-	(276)	(152)	Note 7	
	MEGATWELVE	Indiana, US	Solar related business	5,204	5,204	168	100	3,899	(621)	(621)	-	
	MEGATHIRTEEN	Indiana, US	Solar related business	58,890	-	2,000	100	59,014	(1,447)	(1,447)	Note 8	
	MEGAFIFTEEN	Massachusetts, US	Solar related business	-	102,067	-	-	-	(923)	(508)	Note 7	
	MEGASIXTEEN	Indiana, US	Solar related business	351,772	-	11,981	100	349,397	(18,378)	(18,378)	Note 8	
	MEGASEVENTEEN	Indiana, US	Solar related business	-	-	-	-	(23)	(23)	Note 2		
	MEGANINETEEN	California, US	Solar related business	4,025	4,025	132	100	3,203	(998)	(998)	-	
	MEGATWENTY	California, US	Solar related business	3,769	3,769	124	100	5,250	1,010	1,010	-	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Value				
GES USA	ASSET ONE	California, US	Solar related business	\$ 34,229	\$ 34,229	1,060	100	\$ 33,689	\$ 1,199	\$ 1,199	-	
	ASSET TWO	California, US	Solar related business	-	-	-	-	(202)	(40)	(40)	Note 2	
	ASSET THREE	Hawaii, US	Solar related business	87,289	87,289	2,839	100	69,554	(4,947)	(4,947)	-	
	ASSET FOUR	California, US	Solar related business	-	-	-	-	(171)	(70)	(70)	Note 2	
	CENERGY	California, US	Solar related business	-	-	-	-	28,953	(145)	(145)	Note 2	
	SH4	California, US	Solar related business	20,665	20,665	619	100	18,974	-	-	-	
	CEDAR FALLS	Iowa, US	Solar related business	70,428	67,937	2,287	100	71,580	1,496	1,496	-	
	Schenectady	New York, US	Solar related business	-	-	-	-	(5,567)	(301)	(301)	Note 2	
	VOC	New York, US	Solar related business	-	-	-	-	(1,338)	(164)	(164)	Note 2	
	HEYWOOD	Massachusetts, US	Solar related business	55,424	55,424	-	55	54,088	(313)	(172)	Note 6	
	SEG	New York, US	Solar related business	24,144	-	800	100	24,726	220	220	-	
	KINECT	Hawaii, US	Solar related business	8,143	8,143	266	100	10,092	1,188	1,188	-	
	RER CT 57	Connecticut, US	Solar related business	62,093	62,093	2,031	100	60,960	276	276	-	
	MP Solar	California, US	Solar related business	99,128	99,128	-	55	99,663	(501)	(276)	Note 6	
	Ventura	California, US	Solar related business	91,867	91,867	3,013	55	92,462	(288)	(158)	Note 6	
	TEV II	Indiana, US	Solar related business	3,018	-	0.2	50	(28,578)	(2,520)	(735)	Notes 9 and 15	
	GES JAPAN	GES KYUSHU	Kitakyushu, Japan	Solar related business	-	180,132	-	-	-	34,755	34,755	Note 7
		Hashimoto	Wakayama, Japan	Solar related business	55,893	55,893	5	100	66,095	9,590	9,590	-
GES CANADA	JRC	Dominican	Solar related business	371,967	371,967	74	99	183,082	(223,670)	(221,453)	-	
MEGATWO	MUNISOL	Mexico	Solar related business	418,778	249,891	14,687	100	330,096	(10,859)	(10,859)	-	
ASSET THREE	SHIMA'S	Hawaii, US	Solar related business	4,496	-	153	100	4,620	1	1	Note 8	
	WAIMEA	Hawaii, US	Solar related business	16,185	16,185	526	100	17,300	475	475	-	
	HONOKAWAI	Hawaii, US	Solar related business	12,260	-	418	100	14,011	1,316	1,316	Note 8	
	ELEELE	Hawaii, US	Solar related business	19,589	19,589	637	100	21,169	575	575	-	
	HANAIEI	Hawaii, US	Solar related business	8,595	8,595	280	100	8,514	(10)	(10)	-	
	KAPAA	Hawaii, US	Solar related business	23,391	23,391	761	100	23,798	243	243	-	
	KOLOA	Hawaii, US	Solar related business	17,506	17,506	569	100	18,718	438	438	-	
	MEGASIXTEEN	GES AC	Indiana, US	Solar related business	738,518	179,033	-	67.59	766,692	13,096	131	Note 15
GES AC	ANDERSON N.	Indiana, US	Solar related business	410,752	410,752	13,507	100	420,330	5,293	5,293	Note 15	
	ANDERSON S.	Indiana, US	Solar related business	348,325	348,325	11,454	100	356,509	4,549	4,549	Note 15	
	Flora	Indiana, US	Solar related business	58,235	58,235	1,915	100	59,411	563	563	Note 15	
	Greenfield	Indiana, US	Solar related business	262,480	262,480	8,631	100	268,573	3,355	3,355	Note 15	
	Spiceland	Indiana, US	Solar related business	38,767	38,767	1,275	100	39,459	286	286	Note 15	
	TEV II	TEV Solar	Indiana, US	Solar related business	3,017	-	0.1	100	3,033	(74)	(74)	Notes 9 and 15
	TEV Solar	AC GES Solar	Indiana, US	Solar related business	593,754	-	19,675	66.19	604,816	119	1	Notes 10 and 15
AC GES Solar	Richmond	Indiana, US	Solar related business	581,226	-	19,259	100	592,592	562	562	Notes 10 and 15	
	Rensselaer	Indiana, US	Solar related business	299,760	-	9,933	100	305,627	296	296	Notes 10 and 15	
	Advance	Indiana, US	Solar related business	16,106	-	534	100	16,422	17	17	Notes 10 and 15	
NSP BVI	CFY	Cayman Islands	Investment company	1,198,860	1,198,860	9,672	26.01	1,295,281	421,499	94,117	Note 1	
	CFGP	British Virgin Islands	Solar operation management services	184,440	184,440	30	60	112,473	(17,486)	(16,638)	-	
	NSP Stars	British Virgin Islands	Trust company	-	-	-	-	-	-	-	-	
DelSolar Cayman	NSP HK	Hong Kong	Solar related business	-	-	-	-	(95)	-	-	Note 3	
	DelSolar HK	Hong Kong	Investment company	3,848,648	3,848,648	125,200	100	1,199,392	(399,184)	(399,184)	-	
	DelSolar US	Delaware, US	Investment company	454,952	454,952	1	100	406,014	30,332	30,332	-	
	NSP NEVADA	Nevada, US	Solar related business	157,543	157,543	-	100	168,002	12,304	12,304	-	
DelSolar Singapore	URE NSP	California, US	Solar related business	15,370	-	500	100	15,370	-	-	Note 14	
	DelSolar India	India	Solar related business	-	9,222	-	-	-	-	-	Note 7	
	NSP Malaysia	Malaysia	Technical management services	23,362	23,362	760	100	18,650	(337)	(337)	-	
NSP UK	NSP Vietnam	Vietnam	Technical management services	4,918	4,918	-	100	(772)	(3,779)	(3,779)	-	
	NSP Germany	Cologne, Germany	Solar related business	662	662	25	90	2,635	1,553	1,398	-	
	PV Power Park	Frankfurt, Germany	Solar related business	779	779	-	100	762	(35)	(35)	-	
NSP System	NSP Indygen	UK	Solar related business	-	-	-	100	18,896	26,098	26,098	Note 7	
	Hsin Jin Optoelectronics	Tainan, Taiwan	Solar related business	10,647	10,647	-	80	11,922	1,265	1,012	-	
	Hisn Jin Solar Energy	Tainan, Taiwan	Solar related business	13,981	13,981	-	60	16,189	3,024	1,814	-	
	Si Two	Tainan, Taiwan	Solar related business	20,000	20,000	2,000	100	19,747	(128)	(128)	-	
NSP HK	XYH Suzhou	Jiangsu, China	Solar related business	-	-	-	100	(95)	-	-	-	
	CFGP (HK)	Hong Kong	Solar operation management services	16,292	13,587	-	100	(10,870)	(4,008)	(4,008)	-	
DelSolar HK	DelSolar Wu Jiang	Jiangsu, China	Solar related business	3,688,800	3,688,800	-	100	1,141,551	(344,463)	(344,463)	Note 3	
	NSP JAPAN	Osaka, Japan	Solar related business	2,982	2,982	1	100	10,741	160	160	-	
NSP NEVADA	NSP Nanchang	Jiangxi, China	Solar related business	153,700	153,700	-	11.36	45,583	(482,293)	(54,789)	Note 3	
	Livermore	Delaware, US	Solar related business	4,611	4,611	-	75	1,589	(56)	(42)	-	
	MEGASEVEN	California, US	Solar related business	-	71,501	-	-	-	(468)	(210)	Note 7	
	MEGAELEVEN	California, US	Solar related business	-	45,034	-	-	-	(276)	(124)	Note 7	
	MEGAFIFTEEN	Massachusetts, US	Solar related business	-	79,432	-	-	-	(923)	(415)	Note 7	
	HEYWOOD	Massachusetts, US	Solar related business	44,512	44,512	-	45	43,963	(313)	(141)	Note 6	
	Industrial Park	US	Solar related business	12,296	12,296	-	100	12,296	-	-	-	
	Hillsboro	US	Solar related business	57,245	10,298	-	100	56,663	(572)	(572)	-	
MP Solar	Ventura	California, US	Solar related business	81,768	81,768	-	45	81,542	(501)	(225)	Note 6	
	Ventura	California, US	Solar related business	75,774	75,774	-	45	75,650	(288)	(130)	Note 6	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2018			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2018	December 31, 2017	Shares (Thousands)	% of Ownership	Carrying Value			
DelSolar US	DelSolar Development	Delaware, US	Solar related business	\$ 149,089	\$ 149,089	-	100	\$ 122,060	\$ (8,712)	\$ (8,712)	-
	CFR	Delaware, US	Solar related business	134,334	134,334	-	100	(102,442)	(25,620)	(25,620)	-
	USD1	Delaware, US	Solar related business	110,111	110,111	-	100	203,578	4,277	4,277	-
	JV2	Delaware, US	Solar related business	25,514	25,053	-	67	63,088	(796)	(398)	Note 4
	Beryl	Delaware, US	Solar related business	-	-	-	100	133,046	84,327	84,327	-
NSP Indygen	POTTERS BAR	UK	Solar related business	-	35,055	-	-	-	(7,475)	(7,475)	Notes 2 and 7
	CLAY CROSS	UK	Solar related business	-	24,772	-	-	-	(7,095)	(7,095)	Notes 2 and 7
	BELPER	UK	Solar related business	-	32,329	-	-	-	(6,272)	(6,272)	Notes 2 and 7
	Bryncrynuau	UK	Solar related business	-	6,310	-	-	-	(13,343)	(13,343)	Notes 2 and 7
	Meadowley	UK	Solar related business	-	9,036	-	-	-	(8,864)	(8,864)	Notes 2 and 7
DelSolar Wu Jiang	NSP Nanchang	Jiangxi, China	Solar related business	1,198,860	1,198,860	-	88.64	253,320	(482,293)	(427,504)	Note 3
DelSolar Development	DSS-USF PHX LLC	US	Solar related business	42,114	42,114	-	100	46,081	(204)	(204)	-
	DSS-RAL LLC	US	Solar related business	78,541	78,541	-	100	78,281	(9,206)	(9,206)	-
CFR	Rugged solar LLC	California, US	Solar related business	60,102	-	-	-	60,102	-	-	Note 2
	AVS Phase 2 LLC	California, US	Solar related business	282,801	-	-	-	282,801	-	-	Note 2
	Clear Solar I LLC	North Carolina, US	Solar related business	-	-	-	-	-	-	-	Note 2
	CEC Solar #1117	Colorado, US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
	CEC Solar #1118	Colorado, US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
	CEC Solar #1119	US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
	CEC Solar #1121	US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
	CEC Solar #1122	US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
	CEC Solar #1128	US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
	CEC Solar #1130	US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
	CEC Solar #1133	US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
	Ewauna	US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
	Long Beach	North Carolina, US	Solar related business	-	-	-	-	-	-	-	Note 2
	Randolph	North Carolina, US	Solar related business	-	-	-	-	-	-	-	Note 2
	Roseville	California, US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7
NHSG	New Hampshire, US	Solar related business	-	-	-	-	-	-	-	Notes 2 and 7	
USD1	DevCo One	US	Solar related business	13,655	13,655	-	40	2,043	-	-	-
	DevCo Two	US	Solar related business	13,655	13,655	-	40	2,043	-	-	-
CFGP (HK)	CFGP (Shanghai)	Shanghai, China	Solar operations management services	16,292	13,587	-	100	(10,870)	(4,008)	(4,008)	-
NSP Stars	CFY	Cayman Islands	Investment company	-	-	-	2.66	-	421,499	-	Note 5

Note 1: Recognized on the basis of unaudited financial statements as December 31, 2018.

Note 2: The Group's structured entities.

Note 3: For investments in Mainland China, refer to Table 8.

Note 4: The Group's ownership interest in JV2 was 67% and the Group accounted for two thirds of the members of the board. According to the agreement, any material operation and management decision of JV2 shall be agreed by board of directors, which means DelSolar US does not have control over JV2. As specified in the agreement, the percentage interest of both members were 50% and 50%, respectively.

Note 5: NSP Stars Limited has no right to the share of CFY's profit before meeting specific conditions.

Note 6: HEYWOOD, MP Solar and Ventura were each 55% - owned by GES USA and 45% - owned by NSP NEVADA.

Note 7: Yong Han and Yong Yeh were disposed of in March 2018, DelSolar India was cancelled in March 2018. MEGASEVEN, MEGAELEVEN and MEGAFIFTEEN were disposed of in June 2018. GES KYUSHU was disposal of in September 2018. POTTERS BAR, CLAY CROSS, BELPER, Bryncrynuau and Meadowley were disposal of in October 2018. CEC Solar #1117, CEC Solar #1118, CEC Solar #1119, CEC Solar #1121, CEC Solar #1122, CEC Solar #1128, CEC Solar #1130, CEC Solar #1133, and Ewauna were disposed of in the fourth quarter 2018.

Note 8: As GES USA had injected capital in MEGASIXTEEN and MEGATHIRTEEN in the first quarter and second quarter of 2018, MEGASIXTEEN became a 100%-owned subsidiary of GES USA. In view of the fact that the power facilities of SHIMA and HONOKAWAI had been operated since the first quarter of 2018, SHIMA and HONOKAWAI became 100%-owned subsidiaries of ASSET THREE.

Note 9: GES USA and non-related party, Telamon Enterprise Ventures("Telamon") established TEV II and each acquired 50% of the shares of TEV II based on an agreement. GES USA is responsible for all relevant events and the risk of fluctuating return, thus, GES USA obtains substantial control over TEV II.

Note 10: TEV II acquired 100% of the shares of TEV Solar. TEV Solar and non-related party, Advantage Capital Solar Partners II, LLC("ACS") established AC GES Solar. TEV Solar acquired 66.19% of the shares of AC GES Solar which is the 100% owner of three LLC solar power facilities engaged in solar-related business.

Note 11: The acquisition of subsidiaries is due to the absorption merging of two corporations, Gintech Energy and Solartech Energy on October 1, 2018.

Note 12: True Honour Limited was an investment company which was cancelled in October 2018 and returned the shares in December 2018.

Note 13: The Corporation had recognized impairment loss on equity investment in Sunshine PV, an associate, and so the Group did not recognize any share of profit or loss of the associate.

Note 14: As DelSolar Cayman had injected capital in URE NSP in November 2018, URE NSP became a 100%-owned subsidiary of DelSolar Cayman.

Note 15: The original investment amount and proportion of ownership are listed according to legal qualifications.

(Concluded)

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2018	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2018	Accumulated Repatriation of Investment Income as of December 31, 2018
					Outward	Inward						
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,688,800	Indirect investments through the Group's 100% - owned subsidiary	USD 120,000 \$ 3,688,800	\$ -	\$ -	USD 120,000 \$ 3,688,800	(USD 11,415) (\$ 344,463)	100	(USD 11,415) (\$ 344,463) (Note 1)	USD 37,136 \$ 1,141,551 (Note 1)	\$ -
NSP Nanchang	Solar related business	USD 44,000 \$ 1,352,560	Indirect investments through the Group's 100% - owned subsidiary	USD 5,000 \$ 153,700	-	-	USD 5,000 \$ 153,700	(USD 15,983) (\$ 482,293)	100	(USD 15,983) (\$ 482,293) (Note 1)	USD 9,724 \$ 298,902 (Note 1)	-
JiangXi Solar PV Corp. (Note 2)	Solar related business	USD 18,450 \$ 567,153	Indirect investments through the Group's 100% - owned subsidiary	USD 18,450 \$ 567,153	-	-	USD 18,450 \$ 567,153	(USD 32) (\$ 966)	19.92	USD - \$ -	USD - \$ -	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
USD 143,450 \$ 4,409,653	USD 161,032 (Note 3) \$ 4,950,124	\$ 14,944,207

Note 1: Amount was recognized on the basis of reviewed financial statements.

Note 2: The acquisition of subsidiaries is due to the absorption merging of two corporations, Gintech Energy and Solartech Energy on October 1, 2018.

Note 3: On December 1, 2015, the Investment Commission, MOEA, authorized the investment of US\$3,440 thousand in NSP (Jiangsu) Limited (tentative name) and, on August 31, 2016, authorized DelSolar HK's investment of US\$8,000 thousand in NSP Nanchang, but the capital has not yet been invested as of December 31, 2018.

Note 4: The Group had recognized impairment loss on the equity investment in JiangXi Solar PV Corp., an associate, so that the Group did not recognize any share of profit or loss of associates.

Note 5: The exchange rate used is the rate on December 31, 2018.

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
NSP Nanchang	Sales	\$ 69	-	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	\$ -	-	\$ -	-
	Other operating revenue	6,986	0.07	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	-	-	-	-
	Purchase goods	66,279	1.01	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	-	-	-	-

Note: Amount was recognized on the basis of reviewed financial statements.

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES
(FORMERLY NEO SOLAR POWER CORP.)**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)**

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets	
				Financial Statements Items	Amount	Terms		
0	<u>For the year ended December 31, 2018</u> The Corporation	GES	1	Other receivables	\$ 465,402	Note 2	1%	
			1	Accrued expense	931	Note 2	-	
		Prime Energy	1	Sales	130,258	Note 2	1%	
			1	Estimated accrued expenses	114	Note 2	-	
			1	Rental income	60	Note 2	-	
			1	Financial assets at fair value through other comprehensive income- non-current	59,085	Note 2	-	
			1	Long-term investment interest	7,558	Note 2	-	
			1	Rental income	60	Note 2	-	
			1	Other receivables	993,716	Note 2	2%	
			1	Other receivables	77,989	Note 2	-	
			1	Other receivables	578,952	Note 2	1%	
			1	Sales	208	Note 2	-	
		New Ray Investment DeISolar US NSP UK NSP NEVADA NSP Indygen NSP Germany	1	Support fees	7,133	Note 2	-	
			1	Estimated accrued expenses	1,764	Note 2	-	
			1	Other receivables	571,235	Note 2	1%	
			1	Interest income	10,044	Note 2	-	
			1	Other income	18,104	Note 2	-	
			GES ME GES UK	1	Accounts receivable	5,893	Note 2	-
				1	Rental income	423	Note 2	-
				1	Sales	35,280	Note 2	-
			BPS	1	Other income	1	Note 2	-
				1	Accounts receivable	95,436	Note 2	-
		1		Other receivables	13,200	Note 2	-	
		1		Sales	127,128	Note 2	1%	
		1		Rental income	28	Note 2	-	
		1		Service revenue	348	Note 2	-	
		1		Other operating revenue	70	Note 2	-	
		1		Dividends income (deduction of investments accounted for using the equity method)	48,838	Note 2	-	
		NSP System		1	Other income	13,200	Note 2	-
				1	Payment in advance	54,835	Note 2	-
			1	Sales	69	Note 2	-	
			1	Other operating revenue	6,986	Note 2	-	
NSP Nanchang	1	Purchase	66,279	Note 2	1%			

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
				Financial Statements Items	Amount	Terms	
0	The Corporation	Hsin Jin Optoelectronics	1	Rental income	\$ 28	Note 2	-
		Hsin Jin Solar Energy	1	Rental income	28	Note 2	-
		Ever Lite	1	Sales	26,867	Note 2	-
		Si Two	1	Rental income	12	Note 2	-
		NSP Vietnam	1	Other receivables	123	Note 2	-
			1	Accrued expense	555	Note 2	-
			1	Support fees	2,124	Note 2	-
		CFR	1	Other receivables	18,447	Note 2	-
			1	Refundable deposits	3,137	Note 2	-
		Beryl	1	Other receivables	47,556	Note 2	-
		POTTERS BAR	1	Sales	87	Note 2	-
		Bryncrynu	1	Sales	117	Note 2	-
		Meadowley	1	Sales	109	Note 2	-
		Gintech (Thailand)	1	Accounts receivable	258,237	Note 2	-
			1	Other receivables	6,192	Note 2	-
			1	Accounts payable	195,407	Note 2	-
			1	Estimated material payments	7,596	Note 2	-
			1	Estimated accrued expenses	5,495	Note 2	-
			1	Other cost of goods sold	270,484	Note 2	2%
			1	Purchase	7,559	Note 2	-
		Zhongyang	1	Accounts receivable	64,870	Note 2	-
			1	Other receivables	13,970	Note 2	-
			1	Receipt in advance	28,396	Note 2	-
			1	Sales	1,424	Note 2	-
			1	Other income	2,700	Note 2	-
		Apex	1	Accrued interest	14	Note 2	-
			1	Other receivables	24,000	Note 2	-
			1	Interest income	483	Note 2	-
		Solartech JP	1	Commission expense	172	Note 2	-
			1	Other income	815	Note 2	-
		SMC	1	Other receivables	95	Note 2	-
			1	Purchase	4,149	Note 2	-
			1	Other income	90	Note 2	-
Utech	1	Payment in advance	96,132	Note 2	-		
	1	Other receivables	8,322	Note 2	-		
	1	Accounts payable	217	Note 2	-		
	1	Accrued expense	143	Note 2	-		
	1	Purchase	76,633	Note 2	1%		
	1	Other receivables	158	Note 2	-		
	1	Other income	150	Note 2	-		
1	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	320,348	Note 2	1%
			3	Accounts receivable	62,338	Note 2	-
			3	Interest income	8,813	Note 2	-
2	DSS-RAL LLC	DelSolar US	3	Other income	324	Note 2	-
			3	Other receivables	20,907	Note 2	-
3	NSP UK	NSP Indygen	3	Other receivables	187,667	Note 2	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
				Financial Statements Items	Amount	Terms	
4	DelSolar US	CFR	3	Other receivables	\$ 943,364	Note 2	2%
		Beryl	3	Other payables	31	Note 2	-
5	NSP NEVADA	GES USA	3	Other receivables	249,840	Note 2	-
		Livermore	3	Other receivables	45,413	Note 2	-
			3	Other payables	1,153	Note 2	-
		HEYWOOD	3	Other receivables	63,397	Note 2	-
		Industrial Park	3	Other receivables	81,465	Note 2	-
		Hillsboro	3	Other receivables	7,487	Note 2	-
6	USD1	CFR	3	Other receivables	245,139	Note 2	-
			3	Other payables	1,886	Note 2	-
7	Ever Lite	NSP System	3	Sales	1,250	Note 2	-
		GES ME	3	Sales	2,215	Note 2	-
		MUNISOL	3	Other operating revenue	526	Note 2	-
		General Energy Solutions	3	Sales	7,542	Note 2	-
		Yong Liang	3	Sales	2,484	Note 2	-
		Yong Han	3	Sales	1,756	Note 2	-
8	XYH Suzhou	DelSolar Wu Jiang	3	Other payables	113	Note 2	-
9	Beryl	CFR	3	Accounts receivable	48,691	Note 2	-
			3	Other payables	12,830	Note 2	-
10	BPS	NSP System	3	Sales	6,993	Note 2	-
11	General Energy Solutions	GES ME	3	Other receivables	2,784	Note 2	-
			3	Sales	6,814	Note 2	-
		Yong Han	3	Rental income	17	Note 2	-
			3	Other income	240	Note 2	-
		Yong Liang	3	Sales	106,403	Note 2	-
			3	Other receivables	882	Note 2	-
			3	Rental income	70	Note 2	-
			3	Other income	1,920	Note 2	-
		Yong Zhou	3	Other receivables	126	Note 2	-
			3	Rental income	70	Note 2	-
			3	Other income	240	Note 2	-
		Yun Yeh	3	Rental income	17	Note 2	-
			3	Other income	60	Note 2	-
		Ever Lite	3	Other receivables	252	Note 2	-
			3	Accounts payable	3,631	Note 2	-
			3	Rental income	70	Note 2	-
			3	Other income	480	Note 2	-
			3	Interest income	71	Note 2	-
		Yong Yao	3	Other receivables	255,828	Note 2	-
			3	Rental income	70	Note 2	-
		Yong Shun	3	Rental income	70	Note 2	-
		GES JAPAN	3	Accrued expense	226,159	Note 2	-
			3	Interest expense	49	Note 2	-
		GES USA	3	Other receivables	147,750	Note 2	-
			3	Interest income	418	Note 2	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
				Financial Statements Items	Amount	Terms	
11	GES	Hashimoto	3	Other receivables	\$ 123	Note 2	2%
12	GES UK	GES USA	3	Other receivables	398,276	Note 2	1%
			3	Interest income	9,713	Note 2	-
		GES Solar 2	3	Other income	483	Note 2	-
		GES Solar 3	3	Other receivables	577	Note 2	-
			3	Other income	483	Note 2	-
		NCH Solar 1	3	Other receivables	1,274	Note 2	-
			3	Other income	965	Note 2	-
		JRC	3	Other receivables	467	Note 2	-
		GES JAPAN	3	Other receivables	445,217	Note 2	1%
			3	Accrued expense	125,619	Note 2	-
			3	Interest expense	449	Note 2	-
			3	Interest income	4,440	Note 2	-
13	GES USA	GES KYUSHU	3	Interest income	1,638	Note 2	-
		ET ENERGY	3	Accrued expense	11,836	Note 2	-
		TIPPING POINT	3	Other receivables	3,809	Note 2	-
		MEGATWO	3	Other receivables	44,987	Note 2	-
		MEGAFIVE	3	Other receivables	30,252	Note 2	-
		MEGASIX	3	Accounts receivable	7,101	Note 2	-
			3	Other receivables	71,766	Note 2	-
		MEGATWELVE	3	Other receivables	116	Note 2	-
		MEGATHIRTEEN	3	Other receivables	24,491	Note 2	-
		MEGASIXTEEN	3	Other receivables	17,719	Note 2	-
		MEGASEVENTEEN	3	Other receivables	4,755	Note 2	-
		MEGANINETEEN	3	Other receivables	9,920	Note 2	-
		MEGATWENTY	3	Other receivables	10,534	Note 2	-
		ASSET ONE	3	Other receivables	1	Note 2	-
		ASSET TWO	3	Other receivables	202	Note 2	-
		ASSET THREE	3	Other receivables	123	Note 2	-
		ASSET FOUR	3	Other receivables	171	Note 2	-
		CENERGY	3	Accrued expense	29,153	Note 2	-
			3	Other receivables	203	Note 2	-
		Schenectady	3	Other receivables	34,079	Note 2	-
		VOC	3	Other receivables	8,737	Note 2	-
		HEYWOOD	3	Accrued expense	46,413	Note 2	-
		SEG	3	Other receivables	1,906	Note 2	-
		KINECT	3	Other receivables	16,935	Note 2	-
		RER CT 57	3	Other receivables	3,141	Note 2	-
		MP Solar	3	Accrued expense	96,562	Note 2	-
		MUNISOL	3	Other receivables	773,580	Note 2	1%
		SHIMA'S	3	Other receivables	4,013	Note 2	-
		WAIMEA	3	Other receivables	2,217	Note 2	-
		HONOKAWAI	3	Other receivables	8,986	Note 2	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets		
				Financial Statements Items	Amount	Terms			
13	GES USA	ELEELE	3	Other receivables	\$ 2,873	Note 2	-		
		HANALEI	3	Other receivables	1,032	Note 2	-		
		KAPAA	3	Other receivables	3,103	Note 2	-		
		KOLOA	3	Other receivables	2,322	Note 2	-		
		Ventura	3	Accrued expense	92,247	Note 2	-		
		Spiceland	3	Other receivables	107	Note 2	-		
		AC GES Solar	3	Other receivables	778	Note 2	-		
		AC Solar	3	Other receivables	695	Note 2	-		
		Advance	3	Other receivables	52	Note 2	-		
		Rensselaer	3	Other receivables	779	Note 2	-		
		Richmond	3	Other receivables	1,502	Note 2	-		
		TEV II	3	Other receivables	80	Note 2	-		
		TEV Solar Alpha	3	Other receivables	80	Note 2	-		
		14	GES CANADA	JRC	3	Other receivables	67,217	Note 2	-
MUNISOL	3			Other receivables	23,691	Note 2	-		
15	MEGATWO	SHIMA'S	3	Other receivables	4,446	Note 2	-		
16	ASSET THREE	WAIMEA	3	Other receivables	13,729	Note 2	-		
		HONOKAWAI	3	Other receivables	11,435	Note 2	-		
		ELEELE	3	Other receivables	15,955	Note 2	-		
		HANALEI	3	Other receivables	8,090	Note 2	-		
		KAPAA	3	Other receivables	20,500	Note 2	-		
		KOLOA	3	Other receivables	14,770	Note 2	-		
		17	NCH Solar 1	GES Solar2	3	Other receivables	188	Note 2	-
				GES Solar3	3	Accounts receivable	3,565	Note 2	-
					3	Other receivables	17	Note 2	-
		18	MEGASIXTEEN	AC Solar	3	Other receivables	6	Note 2	-
Anderson N.	3			Accrued expense	6,067	Note 2	-		
Anderson S.	3			Accrued expense	5,155	Note 2	-		
Flora	3			Accrued expense	1,111	Note 2	-		
Greenfield	3			Accrued expense	3,916	Note 2	-		
Spiceland	3			Accrued expense	726	Note 2	-		
19	MEGATWELVE			MEGAEIGHT	3	Other receivables	251	Note 2	-
				Anderson N.	3	Accrued expense	2,820	Note 2	-
20	GES AC	Anderson S.	3	Accrued expense	2,505	Note 2	-		
		Flora	3	Accrued expense	492	Note 2	-		
		Greenfield	3	Accrued expense	1,648	Note 2	-		
		Spiceland	3	Accrued expense	305	Note 2	-		
		Advance	3	Other receivables	3	Note 2	-		
21	TEV II	Rensselaer	3	Other receivables	3	Note 2	-		
		Richmond	3	Other receivables	3	Note 2	-		
		TEV Solar	3	Other receivables	609,000	Note 2	1%		
22	TEV Solar	Advance	3	Other receivables	1,851	Note 2	-		
		Rensselaer	3	Other receivables	1,260	Note 2	-		
		Richmond	3	Other receivables	1,085	Note 2	-		

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
				Financial Statements Items	Amount	Terms	
23	Yong Liang	Yong Yao	3	Other receivables	\$ 26,398	Note 2	-
24	Yong Zhou	Yong Liang	3	Rental income	134	Note 2	-
		Yong Han	3	Rental income	45	Note 2	-
25	GES JAPAN	Hashimoto	3	Other receivables	209,810	Note 2	-
0	<u>For the year ended December 31, 2017</u> NSP	GES	1	Accounts receivable	\$ 24,754	Note 2	-
			1	Other receivables	380,115	Note 2	1%
			1	Accrued expenses	243	Note 2	-
			1	Sales	52,150	Note 2	1%
		Prime Energy	1	Rental income	60	Note 2	-
		V5 Technology	1	Rental income	644	Note 2	-
			1	Acquisition of property, plant and equipment	1,700	Note 2	-
			1	Software expense	600	Note 2	-
		New Ray Investment	1	Rental income	60	Note 2	-
		DelSolar US	1	Other receivables	1,038,741	Note 2	3%
		DelSolar India	1	Other receivables	45,653	Note 2	-
			1	Refundable deposits	103	Note 2	-
		NSP UK	1	Other receivables	504,024	Note 2	1%
		NSP NEVADA	1	Accounts receivable	20,140	Note 2	-
			1	Other receivables	879,682	Note 2	3%
			1	Sales	22,068	Note 2	-
		NSP Indygen	1	Sales	65,979	Note 2	1%
			1	Other receivables	70,395	Note 2	-
		NSP Germany	1	Support fees	7,067	Note 2	-
			1	Estimated accrued expenses	1,753	Note 2	-
		GES ME	1	Other receivables	389,403	Note 2	1%
		GES UK	1	Other receivables	1,046,434	Note 2	3%
			1	Interest receivable	8,369	Note 2	-
			1	Interest income	29,909	Note 2	-
			1	Other income	1,753	Note 2	-
		BPS	1	Accounts receivable	14,207	Note 2	-
			1	Rental income	135	Note 2	-
			1	Sales	29,978	Note 2	-
		NSP System	1	Accounts receivable	42,196	Note 2	-
			1	Sales	254,818	Note 2	2%
			1	Rental income	28	Note 2	-
		NSP Nanchang	1	Accounts receivable	9	Note 2	-
			1	Accounts payable	24,617	Note 2	-
			1	Prepayments	54,835	Note 2	-
			1	Sales	2,210	Note 2	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets	
				Financial Statements Items	Amount	Terms		
0	NSP	NSP Nanchang	1	Other operating revenue	\$ 38,980	Note 2	-	
			1	Purchases	101,227	Note 2	1%	
			1	Maintenance and repair charges	66	Note 2	-	
			1	Hsin Jin Optoelectronics	Rental income	28	Note 2	-
			1	Hsin Jin Solar Energy	Rental income	28	Note 2	-
			1	Ever Lite	Sales	9,299	Note 2	-
			1		Accounts receivable	4,834	Note 2	-
			1	Si Two	Receipts in Advance	8,339	Note 2	-
			1		Rental income	10	Note 2	-
			1	CFR	Other receivables	17,912	Note 2	-
			1		Refundable deposits	1,596	Note 2	-
			1	Beryl	Accounts receivable	33,907	Note 2	-
			1		Other receivables	12,269	Note 2	-
			1	POTTERS BAR	Sales	51,676	Note 2	1%
			1		Sales	68,408	Note 2	1%
			1	CLAY CROSS	Other receivables	70,116	Note 2	-
			1		Sales	63,166	Note 2	1%
			1	BELPER	Other receivables	67,394	Note 2	-
			1		Sales	67,321	Note 2	1%
			1	Bryncrynuau	Accounts receivable	584	Note 2	-
			1		Other receivables	70,012	Note 2	-
			1	Meadowley	Sales	60,269	Note 2	1%
			1		Other receivables	64,303	Note 2	-
			1	DelSolar Wu Jiang	NSP Nanchang	1	Sales	59,444
1	Other receivables	63,033	Note 2			-		
1	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	329,088	Note 2	1%	
			3	Accounts receivable	63,440	Note 2	-	
			3	Interest income	5,288	Note 2	-	
2	DSS-RAL LLC	DelSolar US	3	Sales	441	Note 2	-	
			3	Other income	120	Note 2	-	
			3	Sale of property, plant and equipment	488	Note 2	-	
3	DSS-USF PHX	DelSolar US	3	Accrued expenses	54	Note 2	-	
			3	Other receivables	20,300	Note 2	-	
4	NSP UK	POTTERS BAR	3	Accrued expenses	480	Note 2	-	
			3	Other receivables	901	Note 2	-	
5	DelSolar US	BELPER	3	Other receivables	752,911	Note 2	2%	
			3	Purchases	3,186	Note 2	-	
6	NSP NEVADA	Livermore	3	Purchases	2,761	Note 2	-	
			3	Other receivables	952,504	Note 2	3%	
6	NSP NEVADA	MEGASEVEN	3	Accrued expenses	30	Note 2	-	
			3	Other receivables	116,808	Note 2	-	
			3	Other receivables	67,458	Note 2	-	
			3	Other receivables	120,958	Note 2	-	
			3	Other receivables	46,594	Note 2	-	
6	NSP NEVADA	Livermore	3	Other receivables	44,095	Note 2	-	
			3	Accrued expenses	1,119	Note 2	-	

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets		
				Financial Statements Items	Amount	Terms			
6	NSP NEVADA	Industrial Park	3	Other receivables	\$ 34,626	Note 2	-		
		Hillsboro	3	Other receivables	37,699	Note 2	-		
		HEYWOOD	3	Other receivables	61,557	Note 2	-		
7	USD1	CFR	3	Other receivables	3,024	Note 2	-		
8	Ever Lite	NSP System	3	Sales	5,083	Note 2	-		
		GES ME	3	Sales	16,416	Note 2	-		
			3	Receipts in Advance	2,250	Note 2	-		
		GES USA		Other receivables	30,479	Note 2	-		
		MUNISOL	3	Sales	30,738	Note 2	-		
		Yong Liang	3	Sales	2,524	Note 2	-		
		Yong Han	3	Sales	9,579	Note 2	-		
			3	Accounts receivable	1,221	Note 2	-		
		9	NSP Indygen	POTTERS BAR	3	Other receivables	89,134	Note 2	-
				CLAY CROSS	3	Other receivables	102,936	Note 2	-
BELPER	3			Other receivables	98,720	Note 2	-		
Bryncrynuau	3			Other receivables	100,673	Note 2	-		
Meadowley	3			Other receivables	132,884	Note 2	-		
GES UK	3			Accrued expenses	49	Note 2	-		
	3			Service expenses	48	Note 2	-		
10	XYH Suzhou	DelSolar Wu Jiang	3	Accrued expenses	114	Note 2	-		
11	Beryl	CFR	3	Other receivables	76,053	Note 2	-		
12	BPS	NSP System	3	Accounts receivable	2,675	Note 2	-		
			3	Sales	2,862	Note 2	-		
			3	Receipts in Advance	1,214	Note 2	-		
13	GES	GES ME	3	Other receivables	1,987	Note 2	-		
			3	Other income	20	Note 2	-		
			3	Sales	6,190	Note 2	-		
			3	Receipts in Advance	6,930	Note 2	-		
		New Castle	3	Rental income	9	Note 2	-		
		Yong Han	3	Sales	56,423	Note 2	1%		
			3	Accounts receivable	7,269	Note 2	-		
			3	Other receivables	252	Note 2	-		
			3	Rental income	70	Note 2	-		
			3	Other income	480	Note 2	-		
		Yong Liang	3	Sales	14,820	Note 2	-		
			3	Accounts receivable	3,400	Note 2	-		
			3	Other receivables	1,134	Note 2	-		
			3	Rental income	70	Note 2	-		
			3	Other income	2,160	Note 2	-		
	3	Other receivables	126	Note 2	-				
	3	Rental income	70	Note 2	-				
	3	Other income	240	Note 2	-				
	3	Other receivables	126	Note 2	-				
	3	Rental income	70	Note 2	-				
	3	Other income	240	Note 2	-				

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets		
				Financial Statements Items	Amount	Terms			
13	GES	Ever Lite	3	Other receivables	\$ 20,270	Note 2	-		
			3	Rental income	70	Note 2	-		
			3	Other income	480	Note 2	-		
			3	Interest income	156	Note 2	-		
		14	GES UK	Yong Yao	3	Other receivables	177,394	Note 2	1%
					3	Rental income	12	Note 2	-
				Yong Shun	3	Accrued expenses	161,478	Note 2	-
					3	Sales	87,188	Note 2	1%
				GES JAPAN	3	Accounts receivable	86,372	Note 2	-
					3	Other receivables	319,301	Note 2	1%
				GES USA	3	Interest income	1,240	Note 2	-
					3	Interest income	563	Note 2	-
				GES UK	3	Sales	230,726	Note 2	2%
3	Other receivables				168,314	Note 2	1%		
15	GES USA	MUNISOL	3	Other receivables	377,113	Note 2	1%		
			3	Interest income	6,521	Note 2	-		
		GES KYUSHU	3	Other income	471	Note 2	-		
			3	Other income	471	Note 2	-		
		GES USA	3	Other receivables	636	Note 2	-		
			3	Other income	941	Note 2	-		
		NCH Solar 1	3	Other receivables	1,483,561	Note 2	4%		
			3	Other receivables	212,165	Note 2	1%		
		JRC	3	Interest income	4,574	Note 2	-		
			3	Interest income	484	Note 2	-		
		GES JAPAN	3	Other receivables	82,382	Note 2	-		
			3	Accrued expenses	29,650	Note 2	-		
		GES KYUSHU	3	Other receivables	5,970	Note 2	-		
3	Other receivables		5,060	Note 2	-				
ET ENERGY	3	Other receivables	43,493	Note 2	-				
	3	Other receivables	37,482	Note 2	-				
TIPPING POINT	3	Sales	7,025	Note 2	-				
	3	Accounts receivable	6,895	Note 2	-				
MEGATWO	3	Other receivables	65,732	Note 2	-				
	3	Accrued expenses	119,116	Note 2	-				
MEGAFIVE	3	Accrued expenses	73,833	Note 2	-				
	3	Other receivables	14	Note 2	-				
MEGASIX	3	Other receivables	56,040	Note 2	-				
	3	Accrued expenses	142,110	Note 2	-				
MEGASEVEN	3	Other receivables	14,499	Note 2	-				
	3	Other operating revenue	542,240	Note 2	5%				
MEGAELEVEN	3	Accounts receivable	532,210	Note 2	2%				
	3	Other receivables	15,130	Note 2	-				
MEGATWELVE	3	Other receivables	8,954	Note 2	-				
	3	Other receivables	11,264	Note 2	-				
MEGATHIRTEEN	3	Other receivables	156	Note 2	-				
	3	Other receivables	156	Note 2	-				
MEGAFIFTEEN	3	Other receivables	156	Note 2	-				
	3	Other receivables	156	Note 2	-				
MEGASIXTEEN	3	Other receivables	156	Note 2	-				
	3	Other receivables	156	Note 2	-				
MEGANINETEEN	3	Other receivables	156	Note 2	-				
	3	Other receivables	156	Note 2	-				
MEGATWENTY	3	Other receivables	156	Note 2	-				
	3	Other receivables	156	Note 2	-				
ASSET TWO	3	Other receivables	156	Note 2	-				
	3	Other receivables	156	Note 2	-				

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets		
				Financial Statements Items	Amount	Terms			
15	GES USA	ASSET THREE	3	Other receivables	\$ 2,143	Note 2	-		
		ASSET FOUR	3	Other receivables	97	Note 2	-		
		CENERGY	3	Accrued expenses	28,307	Note 2	-		
					3	Other receivables	203	Note 2	-
				SH4	3	Other receivables	25	Note 2	-
				CEDAR FALLS	3	Other receivables	746	Note 2	-
				Schenectady	3	Other receivables	32,333	Note 2	-
				VOC	3	Other receivables	7,340	Note 2	-
				HEYWOOD	3	Sales	15,632	Note 2	-
					3	Accrued expenses	52,833	Note 2	-
					3	Other receivables	1,246	Note 2	-
				SEG	3	Other receivables	21,754	Note 2	-
				KINECT	3	Other receivables	18,004	Note 2	-
				RER CT 57	3	Other receivables	2,123	Note 2	-
				MP Solar	3	Accrued expenses	97,044	Note 2	-
					3	Other receivables	3	Note 2	-
				MUNISOL	3	Sales	941	Note 2	-
					3	Other receivables	628,546	Note 2	2%
				SHIMA'S	3	Sales	941	Note 2	-
					3	Other receivables	147	Note 2	-
				WAIMEA	3	Other receivables	2,241	Note 2	-
				HONOKAWAI	3	Other receivables	3,716	Note 2	-
				ELEELE	3	Other receivables	2,602	Note 2	-
				HANALEI	3	Other receivables	1,189	Note 2	-
				KAPAA	3	Other receivables	3,149	Note 2	-
				KOLOA	3	Other receivables	2,351	Note 2	-
				Ventura	3	Accrued expenses	89,936	Note 2	-
					3	Other receivables	53	Note 2	-
				GES AC	3	Other receivables	3	Note 2	-
				Anderson N.	3	Other receivables	3	Note 2	-
				Anderson S.	3	Other receivables	3	Note 2	-
		16	GES CANADA	JRC	3	Other receivables	65,266	Note 2	-
		17	ASSET THREE	SHIMA'S	3	Other receivables	9,160	Note 2	-
WAIMEA	3			Other receivables	15,117	Note 2	-		
HONOKAWAI	3			Other receivables	24,975	Note 2	-		
ELEELE	3			Other receivables	18,124	Note 2	-		
HANALEI	3			Other receivables	8,345	Note 2	-		
KAPAA	3			Other receivables	22,113	Note 2	-		
KOLOA	3			Other receivables	16,101	Note 2	-		
18	NCH Solar 1			GES Solar 3	3	Accounts receivable	3,663	Note 2	-
19	MEGASIXTEEN	GES AC	3	Other receivables	829,252	Note 2	2%		
		Flora	3	Other receivables	3	Note 2	-		
		Greenfield	3	Other receivables	3	Note 2	-		
		Spiceland	3	Other receivables	3	Note 2	-		

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
				Financial Statements Items	Amount	Terms	
20	MEGATWELVE	MEGAEIGHT	3	Other receivables	\$ 279	Note 2	-
21	Yong Zhou	Yong Liang	3	Rental income	178	Note 2	-
		Yong Han	3	Rental income	178	Note 2	-
22	GES JAPAN	GES KYUSHU	3	Other receivables	202,420	Note 2	1%
		Hashimoto	3	Other receivables	218,408	Note 2	1%
		GES FUKUSHIMA	3	Other income	1,343	Note 2	-
23	Hashimoto	GES KYUSHU	3	Accrued expenses	158	Note 2	-
			3	Maintenance and repair charges	162	Note 2	-

Note 1: No. 1 represents the transaction from parent company to subsidiary; No. 2 represents the transaction from subsidiaries to parent company; No. 3 represents the transactions between subsidiaries.

Note 2: At normal commercial prices and terms.

(Concluded)