

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

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2019 and 2018 and  
Independent Auditors' Review Report**

## INDEPENDENT AUDITORS' REVIEW REPORT

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

### Introduction

We have reviewed the accompanying consolidated balance sheets of United Renewable Energy Co., Ltd. (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2019 and 2018, the related consolidated statements of comprehensive income, the consolidated statements of changes in equity and cash flows for the three-month periods then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As disclosed in Note 14 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2019 and 2018, the combined total assets of these non-significant subsidiaries were NT\$7,373,060 thousand and NT\$13,001,326 thousand, respectively, representing 12.82% and 38.85%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$9,751,846 thousand and NT\$4,869,212 thousand, respectively, representing 30.03% and 21.55%, respectively, of the consolidated total liabilities; for the three-month periods ended March 31, 2019 and 2018, the amounts of combined comprehensive loss of these subsidiaries were NT\$37,393 thousand and NT\$8,778 thousand, respectively, representing 9.28% and 1.51%, respectively, of the consolidated total comprehensive income. As disclosed in Note 15 to the consolidated financial statements, investments accounted for using the equity method of NT\$2,371,571 thousand and NT\$1,888,256 thousand as of March 31, 2019 and 2018, respectively; and the share of loss of associates and joint ventures of NT\$5,062

thousand and NT\$1,205 thousand for the three-month periods ended March 31, 2019 and 2018, respectively, were calculated based on the financial statements that have not been reviewed.

### **Qualified Conclusion**

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of some non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the three-month periods ended March 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Emphasis of Matter**

As disclosed in Note 3 to the consolidated financial statements, the Group elected 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 IFRS 15 because customers do not have the right to direct use of the identified assets. The Group elected to restate prior reporting periods with the cumulative effect of the initial application recognized at the date of initial application in accordance with International Accounting Standard 8. Our review result is not modified in respect of this matter.

The engagement partners on the reviews resulting in this independent auditors’ review report are Yi-Hsin Kao and Yu-Feng Huang.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

May 6, 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 jurisdictions. The standards, procedures and practices to review such consolidated financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors’ review 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’ review report and consolidated financial statements shall prevail.*

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2019		December 31, 2018		March 31, 2018		January 1, 2018		LIABILITIES AND EQUITY	March 31, 2019		December 31, 2018		March 31, 2018		January 1, 2018	
	Reviewed	Audited after Restatement	Reviewed after Restatement	Audited after Restatement	Reviewed after Restatement	Audited after Restatement	Reviewed after Restatement	Audited after Restatement		Reviewed	Audited after Restatement	Reviewed after Restatement	Audited after Restatement	Reviewed after Restatement	Audited after Restatement	Reviewed after Restatement	Audited after Restatement
	Amount	%	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>									<b>CURRENT LIABILITIES</b>								
Cash and cash equivalents (Notes 6 and 35)	\$ 6,758,004	12	\$ 9,555,845	17	\$ 4,004,275	12	\$ 4,430,627	13	Short-term bank loans (Notes 21, 35 and 37)	\$ 5,555,931	10	\$ 6,869,628	12	\$ 7,572,683	23	\$ 8,229,315	24
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 35)	-	-	-	-	1,223	-	106	-	Short-term bills payable (Notes 21 and 35)	344,741	1	276,436	-	717,432	2	606,396	2
Financial assets at fair value through other comprehensive income - current (Notes 8 and 35)	144,144	-	133,333	-	-	-	-	-	Financial liabilities at fair value through profit or loss - current (Notes 7 and 35)	-	-	-	-	2,557	-	5,742	-
Contract assets - current (Notes 27 and 36)	163,272	-	96,617	-	164,273	-	64,295	-	Contract liabilities - current (Notes 27 and 36)	473,762	1	345,252	1	999,323	3	308,515	1
Notes and accounts receivable, net (Notes 10, 27 and 35)	2,726,500	5	2,601,829	4	1,256,266	4	1,370,096	4	Notes and accounts payable (Note 35)	3,157,791	5	2,048,266	3	992,666	3	1,104,640	3
Accounts receivable from related parties (Notes 10, 27, 35 and 36)	535,736	1	532,466	1	229,316	1	170,506	1	Accounts payable to related parties (Notes 35 and 36)	751	-	441	-	269	-	12,820	-
Finance lease receivables (Notes 11, 35 and 37)	503	-	699	-	-	-	-	-	Bonuses payable to employees and directors (Note 28)	2,649	-	2,649	-	8,242	-	8,242	-
Other receivables (Notes 10 and 35)	177,431	-	217,816	-	55,982	-	99,626	-	Payables to contractors and equipment suppliers (Notes 35 and 36)	162,506	-	402,074	1	156,567	1	507,879	2
Other receivables from related parties (Notes 10, 35 and 36)	963,857	2	1,083,053	2	1,760,149	5	1,765,926	5	Accrued expenses (Notes 23, 35 and 36)	1,865,215	3	2,093,109	4	2,411,558	7	2,536,941	8
Current tax assets	72,552	-	76,327	-	5,678	-	8,557	-	Current tax liabilities	2,638	-	1,910	-	21,015	-	19,462	-
Inventories (Notes 12 and 37)	4,820,544	8	3,385,486	6	2,873,441	9	2,972,591	9	Lease liabilities - current (Notes 3 and 17)	20,126	-	-	-	-	-	-	-
Prepayments (Notes 19, 20, 36 and 38)	943,994	2	638,326	1	239,666	1	205,275	1	Receipts in advance	135	-	478	-	387	-	138,071	-
Non-current assets held for sale (Notes 13 and 40)	-	-	-	-	143,090	-	280,778	1	Current portion of long-term bank loans, preference share liabilities and bonds payables (Notes 21, 35 and 37)	8,197,283	14	9,906,475	17	3,420,605	10	3,101,105	9
Other current assets (Notes 19, 20, 35 and 37)	5,427,568	10	4,981,243	9	1,278,174	4	1,079,956	3	Other current liabilities (Note 23)	95,324	-	131,650	-	100,349	-	100,444	-
Total current assets	22,734,105	40	23,303,040	40	12,011,533	36	12,448,339	37	Total current liabilities	19,878,852	34	22,078,368	38	16,403,653	49	16,679,572	49
<b>NON-CURRENT ASSETS</b>									<b>NON-CURRENT LIABILITIES</b>								
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 35)	243,853	-	243,130	1	114,871	-	141,514	-	Financial liabilities at fair value through profit or loss - non-current (Note 7)	192,576	-	191,790	-	89,219	-	94,014	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)	1,722,205	3	1,595,898	3	256,007	1	203,428	1	Bonds payable (Notes 22, 35 and 37)	-	-	-	-	3,361,806	10	3,425,011	10
Financial assets at amortized cost - non-current (Notes 4, 9 and 35)	154,125	-	153,700	-	145,600	-	149,240	-	Long-term bank loans (Notes 21, 35 and 37)	11,149,398	20	9,528,510	17	2,183,389	7	2,158,036	6
Investments accounted for using the equity method (Note 15)	2,371,571	4	2,371,256	4	1,888,256	6	1,885,340	5	Provisions - non-current (Note 24)	141,167	-	305,138	1	258,746	1	246,033	1
Property, plant and equipment (Notes 16 and 37)	23,944,483	42	25,219,508	44	14,415,087	43	14,887,687	44	Deferred tax liabilities	75,444	-	63,727	-	58,191	-	53,125	-
Right of use assets (Notes 3 and 17)	908,148	1	-	-	-	-	-	-	Lease liabilities - non-current (Notes 3 and 17)	896,017	2	-	-	-	-	-	-
Intangible assets (Note 18)	197,847	-	202,962	-	258,336	1	261,350	1	Preference share liabilities (Notes 21, 35 and 37)	40,694	-	44,483	-	23,694	-	26,419	-
Deferred tax assets	1,082,121	2	1,076,369	2	85,625	-	90,529	-	Guarantee deposits	39,372	-	38,795	-	35,682	-	36,595	-
Finance lease receivables - non-current (Notes 11, 35 and 37)	36,105	-	36,018	-	-	-	-	-	Other non-current liabilities (Note 23)	57,692	-	230,465	-	179,606	1	189,330	1
Prepayments - non-current (Notes 20 and 38)	2,743,302	5	2,507,436	4	1,050,482	3	1,010,072	3	Total non-current liabilities	12,592,360	22	10,402,908	18	6,190,333	19	6,228,563	18
Refundable deposits (Note 10)	1,000,758	2	1,004,824	2	849,259	3	852,023	2	Total liabilities	32,471,212	56	32,481,276	56	22,593,986	68	22,908,135	67
Other receivables from related parties - non-current (Notes 10, 35 and 36)	35,391	-	11,681	-	190,166	1	194,664	1	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>								
Prepayments for lease (Note 19)	-	-	19,469	-	19,025	-	19,700	-	(Notes 26, 28, 31 and 32)								
Other non-current assets (Notes 20 and 37)	358,849	1	199,454	-	2,181,712	6	1,940,462	6	Ordinary shares	25,153,495	44	25,157,599	43	10,192,564	30	10,192,564	30
Total non-current assets	34,798,758	60	34,641,705	60	21,454,426	64	21,636,009	63	Capital surplus	1,011,125	2	1,011,023	2	6,070,165	18	6,028,165	18
<b>TOTAL</b>	<b>\$ 57,532,863</b>	<b>100</b>	<b>\$ 57,944,745</b>	<b>100</b>	<b>\$ 33,465,959</b>	<b>100</b>	<b>\$ 34,084,348</b>	<b>100</b>	Accumulated deficit	(1,345,009)	(3)	(675,878)	(1)	(5,383,405)	(16)	(4,709,973)	(14)
									Other equity	(581,886)	(1)	(874,402)	(2)	(516,037)	(1)	(591,391)	(2)
									Treasury shares	(18,699)	-	(18,699)	-	-	-	-	-
									Total equity attributable to shareholders of the parent	24,219,026	42	24,599,643	42	10,363,287	31	10,919,365	32
									<b>NON-CONTROLLING INTERESTS (Note 32)</b>	<b>842,625</b>	<b>2</b>	<b>863,826</b>	<b>2</b>	<b>508,686</b>	<b>1</b>	<b>256,848</b>	<b>1</b>
									Total equity	25,061,651	44	25,463,469	44	10,871,973	32	11,176,213	33
									<b>TOTAL</b>	<b>\$ 57,532,863</b>	<b>100</b>	<b>\$ 57,944,745</b>	<b>100</b>	<b>\$ 33,465,959</b>	<b>100</b>	<b>\$ 34,084,348</b>	<b>100</b>

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

(With Deloitte & Touche review report dated May 6, 2019)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
NET SALES (Notes 4, 27, 36 and 37)	\$ 4,301,094	100	\$ 2,548,685	100
COST OF SALES (Notes 12, 28, 36 and 37)	<u>4,394,568</u>	<u>103</u>	<u>2,767,046</u>	<u>109</u>
GROSS LOSS	(93,474)	(3)	(218,361)	(9)
UNREALIZED GAIN FROM SALES	<u>(6,307)</u>	<u>-</u>	<u>(3,018)</u>	<u>-</u>
REALIZED GROSS LOSS	<u>(99,781)</u>	<u>(3)</u>	<u>(221,379)</u>	<u>(9)</u>
OPERATING EXPENSES (Notes 28 and 36)				
Selling	224,983	5	118,579	5
General and administrative	294,933	7	167,658	6
Research and development	38,325	1	60,271	2
Expected credit (gain reversed) loss on trade receivables	<u>13,157</u>	<u>-</u>	<u>(1,383)</u>	<u>-</u>
Total operating expenses	<u>571,398</u>	<u>13</u>	<u>345,125</u>	<u>13</u>
OTHER INCOME AND EXPENSES (Notes 16 and 28)	<u>(7,339)</u>	<u>-</u>	<u>(2,403)</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(678,518)</u>	<u>(16)</u>	<u>(568,907)</u>	<u>(22)</u>
NON-OPERATING INCOME AND EXPENSES				
Gain on disposal of investments	212,773	5	51,804	2
Other income (Notes 28 and 36)	30,860	1	10,529	-
Foreign exchange gain, net (Note 28)	18,311	-	38,538	1
Interest income (Notes 28 and 36)	6,847	-	13,140	1
Loss on financial instruments at fair value through profit or loss (Notes 4 and 7)	(205)	-	(58,689)	(2)
Share of the loss of associates and joint ventures (Notes 4 and 15)	(5,062)	-	(1,205)	-
Other gains and losses	(6,689)	-	(299)	-
Expected credit loss on trade receivables (Note 10)	(8,144)	-	-	-
Finance costs (Notes 21 and 28)	<u>(220,028)</u>	<u>(5)</u>	<u>(152,074)</u>	<u>(6)</u>
Total non-operating income and expenses	<u>28,663</u>	<u>1</u>	<u>(98,256)</u>	<u>(4)</u>
LOSS BEFORE INCOME TAX	(649,855)	(15)	(667,163)	(26)
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(39,834)</u>	<u>(1)</u>	<u>(5,132)</u>	<u>-</u>
NET LOSS FOR THE PERIOD	<u>(689,689)</u>	<u>(16)</u>	<u>(672,295)</u>	<u>(26)</u>

(Continued)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share) (Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 28)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments designated as at fair value through other comprehensive income	\$ 143,874	4	\$ 52,592	2
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>142,935</u>	<u>3</u>	<u>10,819</u>	<u>-</u>
Total other comprehensive income	<u>286,809</u>	<u>7</u>	<u>63,411</u>	<u>2</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (402,880)</u>	<u>(9)</u>	<u>\$ (608,884)</u>	<u>(24)</u>
NET LOSS ATTRIBUTABLE TO				
Shareholders of the parent	\$ (661,163)	(15)	(673,432)	(26)
Non-controlling interests	<u>(28,526)</u>	<u>(1)</u>	<u>1,137</u>	<u>-</u>
	<u>\$ (689,689)</u>	<u>(16)</u>	<u>\$ (672,295)</u>	<u>(26)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO				
Shareholders of the parent	\$ (381,679)	(9)	(602,628)	(24)
Non-controlling interests	<u>(21,201)</u>	<u>-</u>	<u>(6,256)</u>	<u>-</u>
	<u>\$ (402,880)</u>	<u>(9)</u>	<u>\$ (608,884)</u>	<u>(24)</u>
LOSS PER SHARE (Note 30)				
Basic loss per share	<u>\$ (0.26)</u>		<u>\$ (0.66)</u>	
Diluted loss per share	<u>\$ (0.26)</u>		<u>\$ (0.66)</u>	

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

(With Deloitte & Touche review report dated May 6, 2019)

(Concluded)

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

 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent													Non-controlling Interests	Total Equity
	Ordinary Shares		Share Premium	Capital Surplus		Unappropriated Earnings (Accumulated Deficits)	Other Equity					Total			
	Shares (In Thousand)	Ordinary Shares		Changes in Capital Surplus from Investments in Associates and Joint Ventures Accounted for Using the Equity Method	Restricted Shares for Employees		Foreign Currency Translation Reserve	Unrealized Loss on Available-for-sale Financial Assets	Unrealized (Loss) Gain on Financial Assets at FVTOCI	Unearned Employees Benefits	Treasury Shares				
BALANCE AT JANUARY 1, 2018	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	-	71,882	(130,891)	-	-	39,817	-	39,817	
Effect of retrospective restatement	-	-	-	-	-	(197,298)	(2,556)	-	-	-	-	(199,854)	(1,560)	(201,414)	
BALANCE AT JANUARY 1, 2018 - AFTER RETROSPECTIVE APPLICATION AND RESTATEMENT	1,019,256	10,192,564	6,020,328	-	7,837	(4,709,973)	(440,462)	-	(130,891)	(20,038)	-	10,919,365	256,848	11,176,213	
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	42,000	-	-	-	-	-	-	-	42,000	-	42,000	
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	4,550	-	4,550	-	4,550	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	258,094	258,094	
Net loss for the three months ended March 31, 2018	-	-	-	-	-	(673,432)	-	-	-	-	-	(673,432)	1,137	(672,295)	
Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	-	18,212	-	52,592	-	-	70,804	(7,392)	63,411	
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	-	-	(673,432)	18,212	-	52,592	-	-	(602,628)	(6,256)	(608,884)	
BALANCE AT MARCH 31, 2018	1,019,256	\$ 10,192,564	\$ 6,020,328	\$ 42,000	\$ 7,837	\$ (5,383,405)	\$ (422,250)	\$ -	\$ (78,299)	\$ (15,488)	\$ -	\$ 10,363,287	\$ 508,686	\$ 10,871,973	
BALANCE AT JANUARY 1, 2019	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	
Effect of retrospective restatement	-	-	-	-	-	(306,410)	(959)	-	-	-	-	(307,369)	(34,173)	(341,542)	
BALANCE AT JANUARY 1, 2019 - AFTER RETROSPECTIVE RESTATEMENT	2,515,759	25,157,599	963,007	42,000	6,016	(675,878)	(329,919)	-	(527,897)	(16,586)	(18,699)	24,599,643	863,826	25,463,469	
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cancellation of restricted shares for employees	(411)	(4,104)	-	-	102	-	-	-	-	3,247	-	(755)	-	(755)	
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	1,817	-	1,817	-	1,817	
Disposal of financial instruments at fair value through other comprehensive income	-	-	-	-	-	(7,968)	-	-	7,968	-	-	-	-	-	
Net loss for the three months ended March 31, 2019	-	-	-	-	-	(661,163)	-	-	-	-	-	(661,163)	(28,526)	(689,689)	
Other comprehensive income (loss) for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	135,610	-	143,874	-	-	279,484	7,325	286,809	
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	(661,163)	135,610	-	143,874	-	-	(381,679)	(21,201)	(402,880)	
BALANCE AT MARCH 31, 2019	2,515,348	\$ 25,153,495	\$ 963,007	\$ 42,000	\$ 6,118	\$ (1,345,009)	\$ (194,309)	\$ -	\$ (376,055)	\$ (11,522)	\$ (18,699)	\$ 24,219,026	\$ 842,625	\$ 25,061,651	

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

(With Deloitte &amp; Touche review report dated May 6, 2019)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (649,855)	\$ (667,163)
Adjustments for:		
Depreciation	990,236	494,623
Amortization	5,722	3,560
Net loss on financial assets and liabilities at fair value through profit or loss	63	17,546
Gain on disposal of investments	(212,773)	(51,804)
Reversal of provisions	(179,237)	-
Expected credit (gain reversed) loss on trade receivables	21,301	(1,383)
(Reversal of) write-down of inventories	(181,505)	73,037
Reversal loss on purchase contracts	(14,129)	(14,472)
Share of loss of associates and joint ventures	5,062	1,205
Loss on disposal of property, plant and equipment	7,339	-
Reclassified from property, plant and equipment to expenses	2,046	1,195
Loss on disposal of non-current assets held for sale	-	2,403
Unrealized gain from associates	6,307	3,018
Compensation cost of restricted shares for employees	1,817	4,550
Interest income	(7,442)	(13,140)
Finance costs	220,028	152,074
Net loss (gain) on foreign exchange	138,177	(43,678)
	<u>803,012</u>	<u>628,734</u>
Changes in operating assets and liabilities:		
Contract assets - current	(66,655)	(99,978)
Notes and accounts receivable	(141,987)	99,547
Accounts receivable from related parties	(6,502)	(61,400)
Other receivables	57,516	40,138
Other receivables from related parties	103,716	(19,351)
Inventories	(1,249,952)	25,506
Prepayments (including non-current prepayments)	(266,655)	(21,296)
Other current assets	(67,496)	(2,153)
Contract liabilities - current	128,510	690,808
Notes and accounts payable	1,104,011	(92,232)
Accounts payable to related parties	310	(12,551)
Accrued expenses	(230,105)	7,191
Deferred revenue	19,994	(8,705)
Receipts in advance	(343)	(137,684)
Other current liabilities	(36,326)	(95)
Provisions	15,174	12,637
Income taxes refunded	(36,083)	9,293
Net cash (used in) generated from operating activities	<u>(519,716)</u>	<u>391,246</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of financial assets at fair value through other comprehensive income	6,757	-
Acquisition of associates and joint ventures	-	(381)
Net cash inflow on disposal of subsidiaries	747,551	61,553
Proceeds from sale of non-current assets held for sale	-	135,189

(Continued)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2019	2018
Acquisition of property, plant and equipment	\$ (983,144)	\$ (805,503)
Proceeds from disposal of property, plant and equipment	74,767	-
Increase in restricted assets	(178,502)	(333,270)
(Increase) decrease in other receivables from related parties	(23,710)	4,498
Increase in pledged time deposits	(335,957)	(134,085)
Decrease in finance lease receivables	109	-
Interest received	14,787	42,525
Increase in refundable deposits	(1,963)	(29,830)
Decrease in refundable deposits	6,152	24,225
Increase in other non-current assets	(24,805)	(7,315)
Decrease in other non-current assets	<u>3,697</u>	<u>9,405</u>
Net cash used in investing activities	<u>(694,261)</u>	<u>(1,032,989)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	2,456,096	5,046,159
Decrease in short-term bank loans	(3,774,603)	(5,612,112)
Increase in short-term bills payable	537,746	553,000
Decrease in short-term bills payable	(469,684)	(442,300)
Proceeds from long-term bank loans	7,720,947	664,385
Repayments of long-term bank loans	(7,849,253)	(125,244)
Repayment of the principal portion of lease liabilities	(13,104)	-
Decrease in guarantee deposits	473	(128)
Interest paid	(196,608)	(98,810)
Increase in non-controlling interests	<u>-</u>	<u>258,094</u>
Net cash (used in) generated from financing activities	<u>(1,587,990)</u>	<u>243,044</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>4,126</u>	<u>(27,653)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,797,841)	(426,352)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>9,555,845</u>	<u>4,430,627</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 6,758,004</u>	<u>\$ 4,004,275</u>

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

(With Deloitte & Touche review report dated May 6, 2019)

(Concluded)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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### 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 (TWSE) 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. On March 31, 2019, the Corporation merged the former General Energy Solutions Inc. (GES) 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 14 and 40.

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 the Corporation’s board of directors on May 6, 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 Corporation’s accounting policies:

- 1) IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

### Definition of a lease

The Group elects 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, are not meet the definition of a lease under IFRS 16 and 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

The Group recognizes 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 elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments, the Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

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

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 3.44%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 994,963
Less: Recognition exemption for short-term leases	(4,606)
Less: Recognition exemption for leases of low-value assets	<u>(1,313)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 989,044</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 908,497
Add: Adjustments as a result of a different treatment of extension and termination options	<u>12,726</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 921,223</u>

The Group as lessor

Except for contracts identified as containing a lease, power facility does not meet the definition of a lease under IFRS 16 and be accounted for in accordance with IFRS 15. the Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets, liabilities and equity as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

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

	<b>Carrying Amount as of December 31, 2018</b>	<b>Adjustments Arising from Initial Application</b>	<b>Adjusted Carrying Amount as of January 1, 2019</b>
Lease receivable- current and non-current	\$ 5,626,874	\$ (5,590,157)	\$ 36,717
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 & non-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>

Impact on assets, liabilities and equity on year of 2018

	<b>Originally Stated Amount</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated Amount</b>
<u>As of March 31, 2018</u>			
Lease receivable- current and non-current	\$ 4,842,793	\$ (4,842,793)	\$ -
Account receivable	1,173,658	65,994	1,239,652
Property, plant and equipment	9,864,727	4,550,360	14,415,087
Investment accounted for using the equity method	<u>1,891,208</u>	<u>(2,952)</u>	<u>1,888,256</u>
Total effect on assets	<u>\$ 17,772,386</u>	<u>\$ (229,391)</u>	<u>\$ 17,542,995</u>
Retained earnings	\$ (5,153,619)	\$ (229,786)	\$ (5,383,405)
Non-controlling interests	506,879	1,807	508,686
Other equity	<u>(514,625)</u>	<u>(1,412)</u>	<u>(516,037)</u>
Total effect on equity	<u>\$ (5,161,365)</u>	<u>\$ (229,391)</u>	<u>\$ (5,390,756)</u>
<u>As of January 1, 2018</u>			
Lease receivable- current and non-current	\$ 3,993,789	\$ (3,993,789)	\$ -
Account receivable	1,290,525	70,020	1,360,545
Property, plant and equipment	11,162,899	3,724,788	14,887,687
Investment accounted for using the equity method	<u>1,887,773</u>	<u>(2,433)</u>	<u>1,885,340</u>
Total effect on assets	<u>\$ 18,334,986</u>	<u>\$ (201,414)</u>	<u>\$ 18,133,572</u>
Retained earnings	\$ (4,611,501)	\$ (197,298)	\$ (4,808,799)
Non-controlling interests	258,408	(1,560)	256,848
Other equity	<u>(529,826)</u>	<u>(2,556)</u>	<u>(532,382)</u>
Total effect on equity	<u>\$ (4,882,919)</u>	<u>\$ (201,414)</u>	<u>\$ (5,084,333)</u>

Impact on total comprehensive income for the current period

	<b>Originally Stated Amount</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated Amount</b>
From the three months ended of <u>March 31, 2018</u>			
Net sales	\$ 2,514,378	\$ 34,307	\$ 2,548,685
Cost of sales	(2,694,629)	(72,147)	(2,767,046)
Share of losses of associates and joint ventures	(677)	(528)	(1,205)
Gain on disposal of investments	<u>42,287</u>	<u>9,517</u>	<u>51,804</u>
Total effect on net profit for the period	<u>\$ (138,641)</u>	<u>\$ (29,121)</u>	<u>\$ (167,762)</u>
Item that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations	<u>\$ 9,675</u>	<u>\$ 1,144</u>	<u>\$ 10,819</u>
Total effect on total comprehensive income for the period	<u>\$ 9,675</u>	<u>\$ 1,144</u>	<u>\$ 10,819</u>
Increase (decrease) in net profit attributable to:			
Owners of the Company	\$ (690,944)	\$ (32,488)	\$ (673,432)
Non-controlling interests	(2,230)	3,367	1,137
Increase (decrease) in total comprehensive income attributable to:			
Owners of the Company	(571,284)	(31,344)	(602,628)
Non-controlling interests	(9,623)	3,367	(6,256)
Basic loss per share	(0.63)	(0.03)	(0.66)
Diluted loss per share	(0.63)	(0.03)	(0.66)

Impact on cash flows for current period

	<b>Originally Stated Amount</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated Amount</b>
Net increase in cash inflow from operating activities	\$ 340,230	\$ 51,016	\$ 391,246
Net increase in cash outflow from investing activities	(981,973)	(51,016)	(1,032,989)
Net increase in cash inflow from financing activities	243,044	-	243,044
Net decrease in cash and cash equivalents	(426,352)	-	(426,352)

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority has full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Group expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

3) Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”

The amendments clarified that IFRS 9 “Financial Instruments” shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the Group’s net investment in an associate or joint venture.

4) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3 “Business Combinations”, IFRS 11 “Joint Arrangements”, IAS 12 “Income Taxes” and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the related borrowing costs shall be included in the calculation of the capitalization rate on general borrowings. Upon initial application of the above amendment, the related borrowing costs are included in the calculation starting from 2019.

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

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
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 the Group 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 the Group 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 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 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 or not an acquired set of activities and assets is 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**

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2018. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2018.

a. Statement of compliance

The interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in the interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

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, which 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, 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. Basis of consolidation

See Note 14 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main businesses).

d. Leases

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

Under finance leases, the lease payments comprise variable lease payments which depend on an index or a rate. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

## 2018

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.

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

Except for the following, the same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

### a. Lease terms - 2019

In determining a lease term, the Group considers all facts and circumstances that create an economic incentive to exercise or not to exercise an option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include contractual terms and conditions for the optional periods, significant leasehold improvements undertaken over the contract term, the importance of the underlying asset to the lessee's operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Group occur.

### b. Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate,

## 6. CASH AND CASH EQUIVALENTS

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Demand deposits	\$ 6,620,886	\$ 9,080,667	\$ 3,689,675
Checking accounts	106,689	121,377	79,840
Cash on hand	907	1,000	2,955
Cash equivalents			
Repurchase agreements collateralized by bonds	24,037	24,016	-
Time deposits	<u>5,485</u>	<u>328,785</u>	<u>231,805</u>
	<u>\$ 6,758,004</u>	<u>\$ 9,555,845</u>	<u>\$ 4,004,275</u>

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Bank deposits	0%-2.05%	0%-1.89%	0%-1.82%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Foreign exchange forward contracts (a)	\$ -	\$ -	\$ 1,223
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Long call options (b)	\$ 243,853	\$ 243,130	\$ 114,871
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts (a)	\$ -	\$ -	\$ 2,557
<u>Financial liabilities at FVTPL - non-current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Short call options (c)	\$ 192,576	\$ 191,790	\$ 89,219

- 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>March 31, 2018</u>			
Buy	Buy USD/Sell NTD	June 6, 2018	USD 3,000/NTD 87,270
Buy	Buy USD/Sell NTD	June 8, 2018	USD 7,000/NTD 203,175
Sell	Sell GBP /Buy USD	May 2, 2018	GBP 2,500/USD 3,551
Sell	Sell GBP /Buy USD	May 29, 2018	GBP 3,000/USD 4,204
Sell	Sell GBP/Buy USD	May 29, 2018	GBP 3,000/USD 4,203
Sell	Sell GBP/Buy USD	May 29, 2018	GBP 3,000/USD 4,205
Sell	Sell EUR/Buy USD	May 4, 2018	EUR 5,000/USD 6,173
Sell	Sell EUR/Buy USD	May 4, 2018	EUR 5,000/USD 6,173

The Group entered into derivative transactions during the three months ended March 31, 2018 to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

b. Long call options

As stated in Note 21 (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 21 (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”)

c. Short call options

As stated in Note 21 (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 21 (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**

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Current</u>			
Domestic investments			
Domestic quoted shares			
CTCI Corporation (“CTCI”)	\$ 144,144	\$ 133,333	\$ -
<u>Non-current</u>			
Domestic investments			
Domestic quoted shares			
Sino-American Silicon Products Inc. (“SAS”)	\$ 1,473,389	\$ 1,337,855	\$ -
ThinTech Materials Technology Co., Ltd. (TTMC)	113,680	122,292	161,670
Unlisted ordinary shares			
EXOJET Technology Corporation (“EXOJET”)	45,962	45,962	72,327
Top Green Energy Technologies Inc. (“TGET”)	27,098	27,098	-
Taiwan Special Chemicals Corporation (“TSCC”)	18,601	18,601	-
NTNU Innovation Investment Holding Company (“NTNU”)	2,000	2,000	-
	<u>1,680,730</u>	<u>1,553,808</u>	<u>233,997</u>

(Continued)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Overseas investments			
Unlisted ordinary shares			
ASIA GLOBAL VENTURE CAPITAL II CO., LTD.	\$ 22,137	\$ 22,137	\$ -
SUN APPENNINO CORPORATION	19,338	19,338	21,314
TG ENERGY SOLUTIONS LLC	-	615	583
FICUS CAPITAL CORPORATION	<u>-</u>	<u>-</u>	<u>113</u>
	<u>41,475</u>	<u>42,090</u>	<u>22,010</u>
	<u>\$ 1,722,205</u>	<u>\$ 1,595,898</u>	<u>\$ 256,007</u> (Concluded)

The Group invested in the above companies 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.

The carrying amount of the Group's investment in TTMC's private-placement shares amounted to \$113,680 thousand, \$115,920 thousand and \$153,090 thousand as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively; under Article 43-8 of the Securities and Exchange Act, there is a legally enforceable restriction on private-placement shares, which prevents their trading.

The amount of investment in equity instruments at FVTOCI pledged by the Group to secure borrowings refers to Note 37.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Non-current</u>			
Overseas investment			
Puttable preference shares (C-Shares III) - Phanes Holding Inc. (Phanes Holding)	\$ 154,125	\$ 153,700	\$ 145,600
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 154,125</u>	<u>\$ 153,700</u>	<u>\$ 145,600</u>

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

For the three months ended March 31, 2019 and 2018, the interest income of puttable preference shares amounted to \$2,825 thousand and \$2,856 thousand. The related interest receivable, classified as other receivables from related parties, amounted to \$13,412 thousand, \$10,759 thousand and \$13,068 thousand at March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

As of March 31, 2019, financial assets at amortized cost 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
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECL	0%

## 10. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Notes and accounts receivable</u>			
Notes and accounts receivable	\$ 3,342,226	\$ 3,202,497	\$ 1,875,972
Accounts receivable from related parties	561,291	554,452	229,316
Less: Allowance for impairment loss	<u>(641,281)</u>	<u>(622,654)</u>	<u>(619,706)</u>
	<u>\$ 3,262,236</u>	<u>\$ 3,134,295</u>	<u>\$ 1,485,582</u>
<u>Other receivables</u>			
Other receivables from related parties	\$ 1,015,793	\$ 1,103,134	\$ 1,950,315
Others	177,430	217,816	55,982
Less: Allowance for impairment loss	<u>(16,544)</u>	<u>(8,400)</u>	<u>-</u>
	<u>\$ 1,176,679</u>	<u>\$ 1,312,550</u>	<u>\$ 2,006,297</u>

### a. Notes and accounts receivable

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 receivables. For overdue accounts receivables, 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.

### March 31, 2019

	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	\$ 1,747,515	\$ 267,441	\$ 22,566	\$ 156,292	\$ 162,190	\$ 60,407	\$ 5,745	\$ 884,648	\$ 596,713	\$ 3,903,517
Loss allowance (lifetime ECL)	(49)	(3,635)	(1,679)	(923)	(2,684)	(19,513)	(145)	(15,940)	(596,713)	(641,281)
Amortized cost	\$ 1,747,466	\$ 263,806	\$ 20,887	\$ 155,369	\$ 159,506	\$ 40,894	\$ 5,600	\$ 868,708	\$ -	\$ 3,262,236

### December 31, 2018 (Restated)

	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	\$ 1,936,154	\$ 339,031	\$ 262,859	\$ 84,684	\$ 59,070	\$ 79,493	\$ 4,060	\$ 397,230	\$ 594,368	\$ 3,756,949
Loss allowance (lifetime ECL)	(49)	(65)	(1,679)	(923)	(2,684)	(22,741)	(145)	-	(594,368)	(622,654)
Amortized cost	\$ 1,936,105	\$ 338,966	\$ 261,180	\$ 83,761	\$ 56,386	\$ 56,752	\$ 3,915	\$ 397,230	\$ -	\$ 3,134,295

### March 31, 2018 (Restated)

	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	\$ 1,254,947	\$ 129,861	\$ 81,017	\$ -	\$ 14,934	\$ -	\$ -	\$ 4,823	\$ 619,706	\$ 2,105,288
Loss allowance (lifetime ECL)	-	-	-	-	-	-	-	-	(619,706)	(619,706)
Amortized cost	\$ 1,254,947	\$ 129,861	\$ 81,017	\$ -	\$ 14,934	\$ -	\$ -	\$ 4,823	\$ -	\$ 1,485,582

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

	<b>For the Three Month Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 622,654	\$ 616,275
Impairment losses (reversal)	13,157	(1,383)
Foreign exchange gains	<u>5,470</u>	<u>4,814</u>
Balance at March 31	<u>\$ 641,281</u>	<u>\$ 619,706</u>

b. Other receivables

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 was as follows:

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Up to 60 days	\$ 152,518	\$ 1,187,546	\$ 1,644,436
61-90 days	10,133	398	349,541
91-120 days	34,104	6,570	60
More than 120 days	<u>996,468</u>	<u>126,436</u>	<u>12,260</u>
Total	<u>\$ 1,193,223</u>	<u>\$ 1,320,950</u>	<u>\$ 2,006,297</u>

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

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Up to 60 days	\$ 8,144	\$ 8,400	\$ -
61-90 days	3,236	-	-
91-120 days	-	-	-
More than 120 days	<u>5,164</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,544</u>	<u>\$ 8,400</u>	<u>\$ -</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:

	<b>March 31, 2019</b>
Balance at January 1	\$ 8,400
Impairment losses	<u>8,144</u>
Balance at March 31	<u>\$ 16,544</u>

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

	<b>Collateral</b>	<b>Interest Rate</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Fixed rate NTD-denominated loan receivables at NTD200,000 thousand (1)	\$ -	1.608%	\$ 200,000	\$ 200,000	\$ -
Fixed rate USD-denominated loan receivables at USD12,000 thousand (2)	-	5%	<u>107,888</u>	<u>107,590</u>	<u>349,440</u>
			<u>\$ 307,888</u>	<u>\$ 307,590</u>	<u>\$ 349,440</u>

- 1) The impairment losses had been recognized, refer to Note 38.
- 2) The repayments of USD8,500 thousand was received in the third quarter of 2018, and the remaining principal is expected to be received in full on the maturity date.

## 11. FINANCE LEASE RECEIVABLES

	<b>March 31, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>March 31, 2018 (Restated)</b>
<u>Gross investment in leases</u>			
Not later than one year	\$ 3,009	\$ 3,206	\$ -
Over one year to five years	15,829	15,712	-
Later than five years	<u>49,772</u>	<u>50,342</u>	-
	68,610	69,260	-
Less: Unearned finance income	<u>(32,002)</u>	<u>(32,543)</u>	-
Present value of minimum lease payments	<u>\$ 36,608</u>	<u>\$ 36,717</u>	<u>\$ -</u>

The Group entered into equipment lease agreements. The term of finance leases was 20 years. 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 6.91% per annum.

The amounts of finance lease receivables pledged as collateral for bank loans are shown in Note 37.

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 March 31, 2019, 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 March 31, 2019, December 31, 2018 and March 31, 2018 were neither past due nor impaired.

## 12. INVENTORIES

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Finished goods	\$ 2,258,223	\$ 1,220,727	\$ 705,991
Work in progress	52,573	10,174	85,384
Raw materials	884,909	684,287	478,334
Power facility construction in progress	<u>1,624,839</u>	<u>1,470,298</u>	<u>1,603,732</u>
	<u>\$ 4,820,544</u>	<u>\$ 3,385,486</u>	<u>\$ 2,873,441</u>

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

For the three months ended March 31, 2019, the cost of sales related to inventories was \$4,394,568 thousand, which included (1) unallocated fixed manufacturing overheads of \$361,121 thousand; (2) income of \$1,154 thousand from the sale of scraps; (3) reversal of loss on purchase contracts of \$14,129 thousand; (4) reversal of inventories write-downs of \$181,505 thousand.

For the three months ended March 31, 2018, the cost of sales related to inventories was \$2,767,046 thousand, which included (1) unallocated fixed manufacturing overheads of \$243,037 thousand; (2) income of \$1,567 thousand from the sale of scraps; (3) reversal of loss on purchase contracts of \$14,472 thousand; (4) inventories write-downs of \$64,316 thousand; and (5) loss of \$8,721 thousand from the disposal of obsolete inventories.

Refer to Note 37 for the carrying amount of inventories pledged by the Corporation to secure borrowings.

## 13. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Power facilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 143,090</u>

The disposal of power facilities was completed in the second quarter of 2018 and in the third quarter of 2018.

## 14. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2019	December 31, 2018	March 31, 2018	
The Corporation	General Energy Solutions Inc. (“GES”)	Electronic component manufacturing and selling	-	-	-	2
	Prime Energy Corp. (“Prime Energy”)	Electronic component manufacturing and selling	100.00	100.00	100.00	-
	New Ray Investment Corp. (“New Ray Investment”)	Investment company	100.00	100.00	100.00	-
	DelSolar Holding Singapore Pte. Ltd. (“DelSolar Singapore”)	Investment company	100.00	100.00	100.00	-
	DelSolar Holding (Cayman) Ltd. (“DelSolar Cayman”)	Investment company	100.00	100.00	100.00	-
	NSP Systems (BVI) Ltd. (“NSP BVI”)	Investment company	100.00	100.00	100.00	-
	NSP UK Holding Limited (“NSP UK”)	Investment company	100.00	100.00	100.00	-
	Best Power Service Corp. (“BPS”)	Solar-related business	60.00	60.00	60.00	-
	NSP System Development Corp. (“NSP System”)	Investment company	100.00	100.00	100.00	-
	GES Energy Middle East FZE (“GES ME”)	Solar-related business	100.00	100.00	100.00	-
	Utech solar corporation (“Utech”)	Electronic component manufacturing and selling	98.30	98.30	-	3
	Ultimate Energy Solution Limited (UES)	Investment company	100.00	100.00	-	3
	Solartech Materials Corporation (“SMC”)	Solar-related business	100.00	100.00	-	3
	Apex solar Corporation (“Apex”)	Solar-related business	100.00	100.00	-	3
	Solartech Japan Corporation (“Solartech JP”)	Solar-related business	100.00	100.00	-	3
	Zhongyang Corporation (“Zhongyang”)	Solar-related business	100.00	100.00	-	3
	Huiyang Corporation (“Huiyang”)	Solar-related business	100.00	100.00	-	3
	United Renewable Energy Engineering Co., Ltd. (“UREE”)	Solar-related business	100.00	-	-	-
	Yong Han Ltd. (“Yong Han”)	Solar-related business	-	-	-	4
	Yun Yeh Energy INC. (“Yun Yeh”)	Solar-related business	-	-	-	4
	Yong Liang Ltd. (“Yong Liang”)	Solar-related business	100.00	100.00	100.00	2
	Yong Zhou Ltd. (“Yong Zhou”)	Solar-related business	100.00	100.00	100.00	2
	Ever Lite Power Inc. (“Ever Lite”)	Electronic component manufacturing and selling	100.00	100.00	100.00	2
	Yong Yao Ltd. (“Yong Yao”)	Solar-related business	100.00	100.00	100.00	2
	Yong Shun Ltd. (“Yong Shun”)	Solar-related business	100.00	100.00	100.00	2
	General Energy Solutions UK Limited (“GES UK”)	Investment company	100.00	100.00	100.00	2
	ELECTRONIC J.R.C. S.R.L. (“JRC”)	Solar-related business	1.00	1.00	1.00	2
GES UK	General Energy Solutions USA. Inc. (“GES USA”)	Investment company	100.00	100.00	100.00	-
	GES JAPAN CORPORATION (“GES JAPAN”)	Investment company	100.00	100.00	100.00	-
	NCH Solar 1 Limited (“NCH Solar 1”)	Solar-related business	100.00	100.00	100.00	-
	GES Solar 2 Limited (“GES Solar 2”)	Solar-related business	100.00	100.00	100.00	-
	GES Solar 3 Limited (“GES Solar 3”)	Solar-related business	100.00	100.00	100.00	-
	General Energy Solutions CANADA Inc. (“GES CANADA”)	Investment company	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2019	December 31, 2018	March 31, 2018	
GES USA	ET ENERGY SOLUTIONS LLC ("ET ENERGY")	Solar-related business	-	100.00	100.00	4
	TIPPING POINT ENERGY COC PPA SPE-1, LLC ("TIPPING POINT")	Solar-related business	-	100.00	100.00	4
	MEGATWO, LLC ("MEGATWO")	Solar-related business	100.00	100.00	100.00	-
	GES MEGAFIVE, LLC ("MEGAFIVE")	Solar-related business	100.00	100.00	100.00	-
	GES MEGASIX, LLC ("MEGASIX")	Solar-related business	-	-	-	1
	GES MEGASEVEN, LLC ("MEGASEVEN")	Solar-related business	-	-	55.00	4
	GES MEGAEIGHT, LLC ("MEGAEIGHT")	Solar-related business	100.00	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	4
	GES MEGATWELVE, LLC ("MEGATWELVE")	Solar-related business	100.00	100.00	100.00	-
	GES MEGATHIRTEEN, LLC ("MEGATHIRTEEN")	Solar-related business	100.00	100.00	-	1 and 6
	GES MEGAFIFTEEN, LLC ("MEGAFIFTEEN")	Solar-related business	-	-	55.00	4
	GES MEGASIXTEEN, LLC ("MEGASIXTEEN")	Solar-related business	100.00	100.00	100.00	5 and 6
	GES MEGASEVENTEEN, LLC ("MEGASEVENTEEN")	Solar-related business	-	-	-	1
	GES MEGANINETEEN, LLC ("MEGANINETEEN")	Solar-related business	100.00	100.00	100.00	-
	GES MEGATWENTY, LLC ("MEGATWENTY")	Solar-related business	100.00	100.00	100.00	-
	GES ASSET ONE, LLC. ("ASSET ONE")	Solar-related business	100.00	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	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	100.00	-
	Cedar Falls Solar Farm, LLC ("CEDAR FALLS")	Solar-related business	100.00	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	55.00	7
	SEG MI 57 LLC ("SEG")	Solar-related business	100.00	100.00	-	1
	Kinect Solar Fund 1, LLC ("KINECT")	Solar-related business	100.00	100.00	100.00	-
	RER CT 57, LLC ("RER CT 57")	Solar-related business	100.00	100.00	100.00	-
	MP Solar, LLC ("MP Solar")	Solar-related business	55.00	55.00	55.00	7
	Ventura Solar LLC ("Ventura")	Solar-related business	55.00	55.00	55.00	7
	TEV II, LLC (TEV II)	Investment company	50.00	50.00	-	8
GES JAPAN	GES KYUSHU CORPORATION ("GES KYUSHU")	Solar-related business	-	-	100.00	4
	Hashimoto Corporation ("Hashimoto")	Solar-related business	100.00	100.00	100.00	-
GES CANADA	ELECTRONIC J.R.C., S.R.L ("JRC")	Solar-related business	99.00	99.00	99.00	-
MEGATWO	Munisol S.A.P.I. de C.V. ("MUNISOL")	Solar-related business	100.00	100.00	100.00	-
ASSET THREE	GES Asset Three Shima's, LLC ("SHIMA'S")	Solar-related business	100.00	100.00	100.00	6
	GES Asset Three Waimea, LLC ("WAIMEA")	Solar-related business	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2019	December 31, 2018	March 31, 2018	
ASSET THREE	GES Asset Three Honokawai, LLC ("HONOKAWAI")	Solar-related business	100.00	100.00	100.00	6
	GES Asset Three Eleeele, LLC ("ELEEELE")	Solar-related business	100.00	100.00	100.00	-
	GES Asset Three Hanalei, LLC ("HANALEI")	Solar-related business	100.00	100.00	100.00	-
	GES Asset Three Kapaa, LLC ("KAPAA")	Solar-related business	100.00	100.00	100.00	-
	GES Asset Three Koloa, LLC ("KOLOA")	Solar-related business	100.00	100.00	100.00	-
MEGASIXTEEN	GES AC SOLAR 2017, LLC ("GES AC")	Solar-related business	67.59	67.59	67.59	5
GES AC	Anderson North Solar Project LLC ("Anderson N.")	Solar-related business	100.00	100.00	100.00	5
	Anderson South Solar Project LLC ("Anderson S.")	Solar-related business	100.00	100.00	100.00	5
	Flora Solar Project LLC ("Flora")	Solar-related business	100.00	100.00	100.00	5
	Greenfield Solar Project LLC ("Greenfield")	Solar-related business	100.00	100.00	100.00	5
	Spiceland Solar Project LLC ("Spiceland")	Solar-related business	100.00	100.00	100.00	5
TEV II	TEV Solar Alpha18 LLC (TEV Solar)	Solar-related business	100.00	100.00	-	8
TEV Solar	AC GES Solar 2018 LLC (AC GES Solar)	Solar-related business	66.19	66.19	-	9
AC GES Solar	Richmond 2 Solar Park, LLC (Richmond)	Solar-related business	100.00	100.00	-	9
	Rensselaer 2 Solar Park, LLC (Rensselaer)	Solar-related business	100.00	100.00	-	9
	Advance Solar Park, LLC (Advance)	Solar-related business	100.00	100.00	-	9
DelSolar Cayman	DelSolar (HK) Ltd. ("DelSolar HK")	Investment company	100.00	100.00	100.00	-
	DelSolar US Holdings (Delaware) Corporation ("DelSolar US")	Investment company	100.00	100.00	100.00	-
	NSP SYSTEM NEVADA HOLDING CORP. ("NSP NEVADA")	Solar-related business	100.00	100.00	100.00	-
	URE NSP Corporation ("URE NSP")	Solar-related business	100.00	100.00	-	10
NSP BVI	NSP HK Holding Ltd. ("NSP HK")	Solar-related business	-	-	-	1
	Clean Focus GP Limited ("CFGP")	Solar operation management services	60.00	60.00	60.00	-
DelSolar Singapore	DelSolar India EPC Company Private Ltd. ("DelSolar India")	Solar-related business	-	-	-	4
	Neo Solar Power Malaysia Sdn. Bhd ("NSP Malaysia")	Technical management services	100.00	100.00	100.00	-
	Neo Solar Power Vietnam Co., Ltd ("NSP Vietnam")	Technical management services	100.00	100.00	100.00	-
NSP UK	NSP Germany GmbH ("NSP Germany")	Solar-related business	90.00	90.00	90.00	-
	PV-Power-Park Pro1 Verwaltings GmbH ("PV-Power-Park")	Solar-related business	100.00	100.00	100.00	-
	NSP Indygen UK Ltd. ("NSP Indygen")	Solar-related business	-	-	-	1
NSP System	Hsin Jin Optoelectronics ("Hsin Jin Optoelectronics")	Solar-related business	80.00	80.00	80.00	-
	Hsin Jin Solar Energy Co., Ltd. ("Hsin Jin Solar Energy")	Solar-related business	60.00	60.00	60.00	-
	Si Two Corp. ("Si Two")	Solar-related business	100.00	100.00	100.00	-
	Tienyang Green Power Ltd. Co. ("Tienyang")	Solar-related business	100.00	-	-	-
	Deyang Green Power Ltd. Co. ("Deyang")	Solar-related business	100.00	-	-	-
	Shanyang Green Power Ltd. Co. ("Shanyang")	Solar-related business	100.00	-	-	-
	Jeyang Green Power Ltd. Co. ("Jeyang")	Solar-related business	100.00	-	-	-
NSP HK	XYH (Suzhou) Energy Ltd. ("XYH Suzhou")	Solar-related business	100.00	100.00	100.00	-
CFGP	Clean Focus GP (HK) Limited. ("CFGP (HK)")	Solar operation management services	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark	
			March 31, 2019	December 31, 2018	March 31, 2018		
DelSolar HK	DelSolar (Wu Jiang) Ltd. ("DelSolar Wu Jiang")	Solar-related business	100.00	100.00	100.00	-	
	NSP Japan Inc. ("NSP Japan")	Solar-related business	100.00	100.00	100.00	-	
NSP NEVADA	Neo Solar Power (Nanchang) Ltd. ("NSP Nanchang")	Solar-related business	11.36	11.36	11.36	-	
	Livermore Community Solar Farm, LLC ("Livermore")	Solar-related business	75.00	75.00	75.00	-	
	GES MEGASEVEN, LLC ("MEGASEVEN")	Solar-related business	-	-	45.00	4	
	GES MEGAELEVEN, LLC ("MEGAELEVEN")	Solar-related business	-	-	45.00	4	
	GES MEGAFIFTEEN, LLC ("MEGAFIFTEEN")	Solar-related business	-	45.00	45.00	4	
	Heywood Solar PGS, LLC ("HEYWOOD")	Solar-related business	45.00	45.00	45.00	7	
	Industrial Park Drive Solar, LLC ("Industrial Park")	Solar-related business	100.00	100.00	100.00	-	
	Hillsboro Town Solar, LLC ("Hillsboro")	Solar-related business	100.00	100.00	100.00	-	
	MP Solar, LLC ("MP Solar")	Solar-related business	45.00	45.00	45.00	7	
	Ventura Solar, LLC ("Ventura")	Solar-related business	45.00	45.00	45.00	7	
	DelSolar US	DelSolar Development (Delaware) LLC ("DelSolar Development")	Solar-related business	100.00	100.00	100.00	-
Clean Focus Renewables Inc. ("CFR")		Solar-related business	100.00	100.00	100.00	-	
USD1 Owner LLC ("USD1")		Solar-related business	100.00	100.00	100.00	-	
Beryl Construction LLC ("Beryl")		Solar-related business	100.00	100.00	100.00	-	
NSP Indygen	UKEG POTTERS BAR LIMITED ("POTTERS BAR")	Solar-related business	-	-	-	1 and 4	
	UKEG CLAY CROSS LIMITED ("CLAY CROSS")	Solar-related business	-	-	-	1 and 4	
	UKEG BELPER LIMITED ("BELPER")	Solar-related business	-	-	-	1 and 4	
	GDL Bryncrynau Ltd. ("Bryncrynau")	Solar-related business	-	-	-	1 and 4	
CFGP (HK)	GDL Upper Meadowley Ltd. ("Meadowley")	Solar-related business	-	-	-	1 and 4	
	Clean Focus GP (Shanghai) Limited. ("CFGP (Shanghai)")	Solar operation management services	100.00	100.00	100.00	-	
DelSolar Wu Jiang	Neo Solar Power (Nanchang) Ltd. ("NSP Nanchang")	Solar-related business	88.64	88.64	88.64	-	
DelSolar Development	DSS-USF PHX LLC	Solar-related business	100.00	100.00	100.00	-	
	DSS-RAL LLC	Solar-related business	100.00	100.00	100.00	-	
CFR	Rugged Solar LLC	Solar-related business	100.00	100.00	100.00	-	
	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 4	
	CEC Solar #1118 LLC ("CEC Solar #1118")	Solar-related business	-	-	-	1 and 4	
	CEC Solar #1119 LLC ("CEC Solar #1119")	Solar-related business	-	-	-	1 and 4	
	CEC Solar #1121 LLC ("CEC Solar #1121")	Solar-related business	-	-	-	1 and 4	
	CEC Solar #1122 LLC ("CEC Solar #1122")	Solar-related business	-	-	-	1 and 4	
	CEC Solar #1128 LLC ("CEC Solar #1128")	Solar-related business	-	-	-	1 and 4	
	CEC Solar #1130 LLC ("CEC Solar #1130")	Solar-related business	-	-	-	1 and 4	
	CEC Solar #1133 LLC ("CEC Solar #1133")	Solar-related business	-	-	-	1 and 4	
	Klamath Falls Solar 2 LLC ("Ewauna")	Solar-related business	-	-	-	1 and 4	
	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 4	
	NHSG Alpine Ridge Solar, LLC ("NHSG")	Solar-related business	-	-	-	1 and 4	
	UES	Renewable Energy Solution Limited (RES)	Investment company	100.00	100.00	-	3
	RES	Gintech (Thailand) Limited (Gintech Thailand)	Solar-related business	100.00	100.00	-	3

(Concluded)

- Note 1: The subsidiary was deemed as a subsidiary of the Group in accordance with IFRS 10.
- Note 2: The Corporation, which was the surviving company, had a short-form merge with its 100% owned subsidiary, GES, as of March 31, 2019. The subsidiaries held by GES were transferred to the Corporation.
- Note 3: The acquisitions of subsidiaries were due to the absorption merging of two corporations, Gintech Energy and Solartech Energy on October 1, 2018.
- Note 4: 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 quarter of 2018. ET ENERGY and TIPPING POINT were all disposed of in the first quarter of 2019.
- Note 5: MEGASIXTEEN was established for taxation purposes based on an agreement. MEGASIXTEEN established GES AC with 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 6: 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 7: HEYWOOD was 55% - owned by GES USA and 45% - owned by NSP NEVADA. MP Solar and Ventura were 55% - owned by GES USA and 45% - owned by NSP NEVADA, respectively.
- Note 8: 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 9: TEV II acquired 100% of the shares of TEV Solar. TEV Solar and non-related party, 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 10: DelSolar Cayman had injected capital in URE NSP in November 2018, URE NSP became a 100%-owned subsidiary of DelSolar Cayman.
- Note 11: The above subsidiaries included in the Group’s consolidated financial statements which we have not reviewed and are non-major subsidiaries.

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

As of March 31, 2019 and December 31, 2018, the Group did not have material non-controlling interest.

Name of Subsidiary	Principal Place of Business	<b>% of Ownership and Voting Rights Held by Non-controlling Interests</b>
		<b>March 31, 2018</b>
GES AC	America	32.41
CFGP	British Virgin Islands	40.00

Name of Subsidiary	<b>(Loss) Gain Allocated to Non-controlling Interests</b>	<b>Accumulated Non-controlling Interests</b>
	<b>For the Three Months Ended March 31, 2018 (Restated)</b>	<b>March 31, 2018</b>
GES AC	\$ (3,804)	\$ 424,217
CFGP	(2,072)	59,073
Others	<u>7,013</u>	<u>25,396</u>
Total	<u>\$ 1,137</u>	<u>\$ 508,686</u>

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

GES AC and GES AC's subsidiaries

	<b>March 31, 2018</b>
Current assets	\$ 1,072,113
Non-current assets	-
Current liabilities	(27,261)
Non-current liabilities	<u>(23,694)</u>
Equity	<u>\$ 1,021,158</u>
Equity attributable to:	
Owners of GES AC	\$ 596,941
Non-controlling interests of GES AC	<u>424,217</u>
	<u>\$ 1,021,158</u>

	<b>For the Three Months Ended March 31, 2018</b>
Revenue	\$ <u>          -</u>
Loss for the period	\$ (3,842)
Other comprehensive income for the period	<u>          -</u>
Total comprehensive loss for the period	<u>\$ (3,842)</u>
Loss attributable to:	
Owners of GES AC	\$ (38)
Non-controlling interests of GES AC	<u>(3,804)</u>
	<u>\$ (3,842)</u>
Total comprehensive loss attributable to:	
Owners of GES AC	\$ (38)
Non-controlling interests of GES AC	<u>(3,804)</u>
	<u>\$ (3,842)</u>
Net cash (outflow) inflow from:	
Operating activities	\$ (806,262)
Finance activities	<u>811,120</u>
Net cash inflow	<u>\$ 4,858</u>
<u>CFGF and CFGF's subsidiaries</u>	
	<b>March 31, 2018</b>
Current assets	\$ 31,780
Non-current assets	147,215
Current liabilities	<u>(1,599)</u>
Equity	<u>\$ 177,396</u>
Equity attributable to:	
Owners of CFGF	\$ 118,323
Non-controlling interests of CFGF	<u>59,073</u>
	<u>\$ 177,396</u>

	<b>For the Three Months Ended March 31, 2018</b>
Revenue	\$ <u>          -</u>
Loss for the period	\$ (5,180)
Other comprehensive loss for the period	<u>          -</u>
Total comprehensive loss for the period	<u>\$ (5,180)</u>
Loss attributable to:	
Owners of CFGP	\$ (3,108)
Non-controlling interests of CFGP	<u>(2,072)</u>
	<u>\$ (5,180)</u>
Total comprehensive loss attributable to:	
Owners of CFGP	\$ (3,108)
Non-controlling interests of CFGP	<u>(2,072)</u>
	<u>\$ (5,180)</u>
Net cash (outflow) inflow from:	
Operating activities	\$ (2,392)
Investing activities	<u>(1,406)</u>
Net cash (outflow) inflow	<u>\$ (3,798)</u>

#### 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>March 31, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>March 31, 2018 (Restated)</b>
Investments in associates	\$ 2,304,629	\$ 2,304,082	\$ 1,824,974
Investments in joint ventures	<u>66,942</u>	<u>67,174</u>	<u>63,282</u>
	<u>\$ 2,371,571</u>	<u>\$ 2,371,256</u>	<u>\$ 1,888,256</u>

a. Investments in associates

	<b>March 31, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>March 31, 2018 (Restated)</b>
Material associates			
Clean Focus Yield Limited (“CFY”)	\$ -	\$ -	\$ 1,141,671
Neo Cathay Power Corp. (“Neo Cathay”)	<u>-</u>	<u>-</u>	<u>570,818</u>
	<u>-</u>	<u>-</u>	<u>1,712,489</u>

(Continued)

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Associates that are not individually material			
CFY	\$ 1,296,915	\$ 1,295,281	\$ -
Neo Cathay	598,680	598,352	-
TS Solartech Sdn Bhd (“TSST”)	252,099	254,093	-
V5 Technology	60,990	69,860	72,962
Gintung energy Corp. (“Gintung”)	55,229	44,424	-
MEGATHREE	34,220	34,539	30,864
Sunshine PV Corp. (“Sunshine PV”)	-	-	-
JNV Solar Power Co., Ltd. (“JSP”)	6,496	7,533	8,659
Solar PV Corp (“Solar PV”)	-	-	-
	<u>2,304,629</u>	<u>2,304,082</u>	<u>112,485</u>
	<u>\$ 2,304,629</u>	<u>\$ 2,304,082</u>	<u>\$ 1,824,974</u> (Concluded)

1) Material associates

As of March 31, 2019 and December 31, 2018, the proportion of ownership and voting rights in associates held by the Corporation were as follows:

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

<b>Name of Company</b>	<b>March 31, 2018</b>
CFY	28.03%
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

	<b>March 31, 2018</b>
Current assets	\$ 734,303
Non-current assets	12,613,021
Current liabilities	(1,594,134)
Non-current liabilities	<u>(6,545,977)</u>
Equity	5,207,213
Non-controlling interests	(2,453,457)
Unrecognized changes in equity of profit and loss and non-other comprehensive income	<u>(17,716)</u>
	<u>\$ 2,736,040</u> (Continued)

	<b>March 31, 2018</b>
Proportion of the Corporation's ownership	28.03%
Equity attributable to the Corporation	\$ 766,912
Unrealized loss with associates	(7,485)
Goodwill	375,606
Other adjustments	<u>6,638</u>
Investment carrying amount	<u>\$ 1,141,671</u> (Concluded)

**For the Three  
Months Ended  
March 31, 2018**

Operating revenue	<u>\$ 585,048</u>
Profit from operations	<u>\$ 37,487</u>
Net income (loss) for the period	<u>\$ 11,284</u>
Other comprehensive loss	<u>\$ (70)</u>
Total comprehensive income (loss) for the period	<u>\$ 11,214</u>

Neo Cathay

	<b>March 31, 2018</b>
Current assets	\$ 525,398
Non-current assets	1,046,345
Current liabilities	<u>(81,100)</u>
Equity	<u>\$ 1,490,643</u>
Proportion of the Corporation's ownership	40.00%
Equity attributable to the Corporation	\$ 596,257
Unrealized loss with associates	<u>(25,439)</u>
Investment carrying amount	<u>\$ 570,818</u>

**For the Three  
Months Ended  
March 31, 2018**

Operating revenue	<u>\$ -</u>
Profit from operations	<u>\$ -</u>
Net income (loss) for the period	<u>\$ 1,232</u>
Other comprehensive income (loss)	<u>\$ -</u>
Total comprehensive income (loss) for the period	<u>\$ 1,232</u>

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 the associates and joint ventures held by the Corporation were as follows:

Name of Associate	March 31, 2019	December 31, 2018	March 31, 2018
CFY	28.67%	28.67%	-
Neo Cathay	40.00%	40.00%	-
TSST (a)	42.12%	42.12%	-
V5 Technology	41.43%	41.43%	41.43%
Gintung (a)	36.38%	36.38%	-
MEGATHREE	40.00%	40.00%	40.00%
JSP	35.00%	35.00%	35.00%
Sunshine PV	19.47%	19.47%	-
Solar PV	19.92%	19.92%	-

a) The acquisitions of associates 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:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
The Group's share of:		
Net loss for the period	\$ (5,036)	\$ (276)
Other comprehensive gain for the period	<u>8,172</u>	<u>-</u>
Total comprehensive gain for the period	<u>\$ 3,136</u>	<u>\$ (276)</u>

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 \$10,967 thousand, as of March 31, 2019.

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 \$712 thousand, as of March 31, 2019.

b. Investments in joint ventures

	March 31, 2019	December 31, 2018 (Restated)	March 31, 2018 (Restated)
Joint ventures that are not individually material			
NSP ET CAP MN HOLDINGS LLC ("JV2")	\$ 63,236	\$ 63,088	\$ 59,780
CF MN DevCo One LLC ("DevCo One")	1,853	2,043	1,751
CF MN DevCo Two LLC ("DevCo Two")	<u>1,853</u>	<u>2,043</u>	<u>1,751</u>
	<u>\$ 66,942</u>	<u>\$ 67,174</u>	<u>\$ 63,282</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:

Name of Company	March 31, 2019	December 31, 2018	March 31, 2018
JV2 (1)	67.00%	67.00%	67.00%
DevCo One (2)	40.00%	40.00%	40.00%
DevCo Two (2)	40.00%	40.00%	40.00%

Note 1: NSP ET CAP MN HOLDINGS LLC (JV2) jointly invested in DelSolar US, a subsidiary of NSP, and ET Capital Solar Partners (USA), Inc. on December 28, 2015. As of March 31, 2019, the Corporation 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 Corporation 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.

Investments in joint ventures that are not individually material

	For the Three Months Ended March 31	
	2019	2018
The Group's share of:		
Net loss for the period	\$ (26)	\$ (312)
Other comprehensive loss for the period	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>\$ (26)</u>	<u>\$ (312)</u>

The information of the main business, principal operating place and registry country of the above associates is shown in Table 6 following the Notes to Consolidated Financial Statements.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the three months ended March 31, 2019 and 2018 were based on the associates' financial statements that have not been reviewed.

The investments in the associates and joint ventures have been pledged as collateral for bank loans, refer to note 37.

## 16. PROPERTY, PLANT AND EQUIPMENT

March 31, 2019

Assets used by the Group	\$ 23,818,205
Assets leased under operating leases	<u>126,278</u>
	<u>\$ 23,944,483</u>

### a. Assets used by the Group - 2019

	Balance at January 1, 2019	Adjustments on Initial Application of IFRS 16	Balance at January 1, 2019 (Restated)	Additions	Disposals	Transfers to Assets Leased Under Operating Leases	Reclassified	Effects of Foreign Currency Exchange Differences	Balance at March 31, 2019
<u>Cost</u>									
Land	\$ 1,537,278	\$ -	\$ 1,537,278	\$ 56,637	\$ -	\$ -	\$ -	\$ 2,738	\$ 1,596,653
Buildings	8,154,114	-	8,154,114	-	-	-	-	12,952	8,167,066
Machinery and equipment	20,796,538	-	20,796,538	843	(99,116)	-	241,981	61,367	21,001,613
Rental assets	254,314	-	254,314	-	-	(254,314)	-	-	-
Research and development equipment	69,566	-	69,566	-	(8,618)	-	3,326	-	64,274
Office equipment	55,984	-	55,984	-	(1,159)	-	415	313	55,553
Leasehold improvements	735,412	-	735,412	120	(4,791)	-	-	234	730,975
Transportation equipment	1,088	-	1,088	-	-	-	-	-	1,088
Miscellaneous equipment	557,058	5,900,086	6,457,144	30,145	(1,103,997)	-	1,391	33,761	5,418,444
Property under acceptance or construction	<u>2,964,542</u>	<u>-</u>	<u>2,964,542</u>	<u>409,868</u>	<u>-</u>	<u>-</u>	<u>(249,193)</u>	<u>6,432</u>	<u>3,131,649</u>
	<u>\$ 35,125,894</u>	<u>\$ 5,900,086</u>	<u>\$ 41,025,980</u>	<u>\$ 497,613</u>	<u>\$ (1,217,681)</u>	<u>\$ (254,314)</u>	<u>\$ (2,080)</u>	<u>\$ 117,797</u>	<u>\$ 40,167,315</u>
<u>Accumulated depreciation</u>									
Buildings	1,175,351	\$ -	1,175,351	\$ 94,424	\$ -	\$ -	\$ -	\$ 142	1,269,917
Machinery and equipment	12,614,711	-	12,614,711	769,204	(20,503)	-	-	71,828	13,435,240
Rental assets	119,488	-	119,488	-	-	(119,488)	-	-	-
Research and development equipment	60,525	-	60,525	806	(6,431)	-	-	-	54,900
Office equipment	29,157	-	29,157	3,068	(1,159)	-	-	1,522	32,588
Leasehold improvements	25,684	-	25,684	13,859	(3,999)	-	-	52	35,596
Transportation equipment	86	-	86	86	-	-	-	-	172
Miscellaneous equipment	<u>329,315</u>	<u>737,018</u>	<u>1,066,423</u>	<u>78,384</u>	<u>(384,241)</u>	<u>-</u>	<u>-</u>	<u>45,084</u>	<u>805,650</u>
	<u>\$ 14,354,317</u>	<u>\$ 737,018</u>	<u>\$ 15,091,425</u>	<u>\$ 959,831</u>	<u>\$ (416,333)</u>	<u>\$ (119,488)</u>	<u>\$ -</u>	<u>\$ 118,628</u>	<u>\$ 15,634,063</u>
<u>Accumulated impairment</u>									
Machinery and equipment	457,098	\$ -	457,098	\$ -	\$ -	\$ -	\$ -	\$ -	457,098
Property under acceptance or construction	<u>257,949</u>	<u>-</u>	<u>257,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,949</u>
	<u>\$ 715,047</u>	<u>\$ -</u>	<u>\$ 715,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 715,047</u>
	\$20,056,530		\$25,219,508						\$23,818,205

### b. Assets leased under operating leases - 2019

	Balance at January 1, 2019	Adjustments on Initial Application of IFRS 16	Balance at January 1, 2019 (Restated)	Transfers from Assets used by the Group	Additions	Disposals	Reclassified	Effects of Foreign Currency Exchange Differences	Balance at March 31, 2019
<u>Cost</u>									
Miscellaneous equipment	\$ -	\$ -	\$ -	\$ 254,314	\$ -	\$ -	\$ -	\$ 915	\$ 255,229
<u>Accumulated depreciation</u>									
Miscellaneous equipment	-	-	-	\$ 119,488	\$ 9,028	\$ -	\$ -	\$ 435	\$ 128,951
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,278

c. 2018

	Balance at January 1, 2019	Adjustments on Initial Application of IFRS 16	Balance at January 1, 2019 (Restated)	Additions	Disposals	Reclassified	Effects of Foreign Currency Exchange Differences	Balance at March 31, 2019
<u>Cost</u>								
Land	\$ 460,731	\$ -	\$ 460,731	\$ -	\$ -	\$ -	\$ (491)	\$ 460,240
Buildings	2,758,988	-	2,758,988	-	-	-	-	2,758,988
Machinery and equipment	16,097,214	-	16,097,214	21,200	(2,000)	1,895,321	21,268	18,033,003
Research and development equipment	62,857	-	62,857	-	-	450	-	63,307
Office equipment	28,912	-	28,912	2	-	285	49	29,248
Rental assets	164,118	-	164,118	-	-	-	(4,878)	159,240
Leasehold improvements	20,903	-	20,903	148	-	1,272	174	22,497
Miscellaneous equipment	335,425	4,210,844	4,546,269	186	(398)	3,866	333	4,550,256
Property under acceptance or construction	<u>4,022,221</u>	<u>-</u>	<u>4,022,221</u>	<u>395,465</u>	<u>(341,073)</u>	<u>(1,902,389)</u>	<u>(65,452)</u>	<u>2,108,772</u>
	<u>\$ 23,951,369</u>	<u>\$ 4,210,844</u>	<u>\$ 28,162,213</u>	<u>\$ 417,001</u>	<u>\$ (343,471)</u>	<u>\$ (1,195)</u>	<u>\$ (48,997)</u>	<u>\$ 28,185,551</u>
<u>Accumulated depreciation</u>								
Buildings	984,078	\$ -	984,078	\$ 33,058	\$ -	\$ -	\$ -	1,017,136
Machinery and equipment	10,883,597	-	10,883,597	444,781	(2,000)	-	6,686	11,333,064
Research and development equipment	53,354	-	53,354	2,939	-	-	-	56,293
Office equipment	24,817	-	24,817	524	-	-	18	25,359
Rental assets	94,980	-	94,980	4,908	-	-	(3,222)	96,666
Leasehold improvements	10,306	-	10,306	415	-	-	22	10,743
Miscellaneous equipment	<u>280,240</u>	<u>486,056</u>	<u>766,296</u>	<u>7,998</u>	<u>(398)</u>	<u>-</u>	<u>209</u>	<u>774,105</u>
	<u>12,331,372</u>	<u>\$ 486,056</u>	<u>12,817,428</u>	<u>\$ 494,623</u>	<u>\$ (2,398)</u>	<u>\$ -</u>	<u>\$ 3,713</u>	<u>13,313,366</u>
<u>Accumulated impairment</u>								
Machinery and equipment	<u>457,098</u>	<u>\$ -</u>	<u>457,098</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>457,098</u>
	<u>\$ 11,162,899</u>		<u>\$ 14,887,687</u>					<u>\$ 14,415,087</u>

There was no indication of impairment for the three months ended March 31, 2019 and 2018. Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	15-21 years
Machinery and equipment	4-11 years
Rental assets	10-20 years
Research and development equipment	4-6 years
Office equipment	3-4 years
Leasehold improvements	4-11 years
Transportation equipment	3-5 years
Miscellaneous equipment	3-25 years

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

Refer to Note 37 for the carrying amount of property, plant and equipment pledged by the Corporation to secure borrowings.

For the three months ended March 31, 2019, the deductions were amounts transferred from the disposal of property, plants and equipment \$82,106 thousand and amounts transferred from the disposal of subsidiaries of \$719,242 thousand.

For the three months ended March 31, 2019, there were reclassifications from property under acceptance of \$2,046 thousand to sundry purchases and property under acceptance or construction of \$34 thousand to inventory.

For the three months ended March 31, 2018, the deductions were amounts transferred from the disposal subsidiaries of \$341,073 thousand.

For the three months ended March 31, 2018, there were reclassifications from property under acceptance of \$1,195 thousand to sundry purchases.

## 17. LEASE ARRANGEMENTS

### a. Right-of-use assets - 2019

	<b>March 31, 2019</b>
<u>Carrying amounts</u>	
Land	\$ 628,120
Buildings	209,164
Machinery and equipment	51,778
Miscellaneous equipment	<u>19,086</u>
	<u>\$ 908,148</u>
	<b>For the Three Months Ended March 31, 2019</b>
Additions to right-of-use assets	<u>\$ 2,877</u>
Depreciation charge for right-of-use assets	
Land	\$ 9,830
Buildings	7,915
Machinery and equipment	1,522
Miscellaneous equipment	<u>2,110</u>
	<u>\$ 21,377</u>

### b. Lease liabilities - 2019

	<b>March 31, 2019</b>
<u>Carrying amounts</u>	
Current	<u>\$ 20,126</u>
Non-current	<u>\$ 896,017</u>

Range of discount rate for lease liabilities was as follows:

	<b>March 31, 2019</b>
Land	2.07%-7.38%
Buildings	1.00%-5.61%
Machinery and equipment	1.00%-2.83%
Miscellaneous equipment	2.07%-5.25%

c. Material lease-in activities and terms

The Group leases certain land, buildings and transportation equipment for operating with lease terms of 3 to 20 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms. Therefore, some of these arrangements contain renewal options.

d. Other lease information

Lease arrangements under operating leases for the leasing out of property, plant and equipment refer to Notes 16. Lease arrangements for the leasing out of assets under finance leases refer to Note 11.

2019

	<b>For the Three Months Ended March 31, 2019</b>
Expenses relating to short-term leases	\$ <u>3,217</u>
Expenses relating to low-value asset leases	\$ <u>3,855</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>1,430</u>
Total cash outflow for leases	\$ <u>(29,117)</u>

The Group leases certain lands and buildings which qualify as short-term leases and certain office equipment, transportation equipment and others which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and, did not recognize right-of-use assets and lease liabilities for these leases.

2018

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

	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Not later than 1 year	\$ 57,271	\$ 73,036
Later than 1 year and not later than 5 years	277,023	281,264
Later than 5 years	<u>660,669</u>	<u>625,530</u>
	<u>\$ 994,963</u>	<u>\$ 979,830</u>

The lease payments and sublease payments recognized in profit or loss were as follows:

	<b>For the Three Months Ended March 31, 2018</b>
Minimum lease payments	\$ <u>17,999</u>

## 18. INTANGIBLE ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Carrying amounts of each class</u>			
Contracts with consultants	\$ 133,364	\$ 135,606	\$ 135,875
Contracts with customers	36,168	37,365	109,691
Goodwill	12,002	11,969	11,338
Software	2,514	2,836	-
Patents	1,154	1,202	-
Brands	-	-	-
Others	<u>12,645</u>	<u>13,984</u>	<u>1,432</u>
	<u>\$ 197,847</u>	<u>\$ 202,962</u>	<u>\$ 258,336</u>

For the Three Months Ended March 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
Translation adjustments	(3,747)	(284)	4,324	-	-	-	(36)	257
Balance at March 31	<u>149,881</u>	<u>11,338</u>	<u>111,225</u>	<u>44,301</u>	<u>-</u>	<u>-</u>	<u>1,432</u>	<u>318,177</u>
Accumulated amortization								
Balance at January 1	11,823	-	446	44,301	-	-	-	56,570
Amortization	2,487	-	1,073	-	-	-	-	3,560
Translation adjustments	(304)	-	15	-	-	-	-	(289)
Balance at March 31	<u>14,006</u>	<u>-</u>	<u>1,534</u>	<u>44,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,841</u>
	<u>\$ 135,875</u>	<u>\$ 11,338</u>	<u>\$ 109,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,432</u>	<u>\$ 258,336</u>

For the Three Months Ended March 31, 2019								
	Contracts with Consultants	Goodwill	Contracts with Customers	Brands	Patents	Software	Others	Total
Cost								
Balance at January 1	\$ 158,219	\$ 11,969	\$ 39,952	\$ 44,301	\$ 1,250	\$ 3,158	\$ 15,468	\$ 274,317
Translation adjustments	437	33	45	-	-	-	168	683
Balance at March 31	<u>158,656</u>	<u>12,002</u>	<u>39,997</u>	<u>44,301</u>	<u>1,250</u>	<u>3,158</u>	<u>15,636</u>	<u>275,000</u>
Accumulated amortization								
Balance at January 1	22,613	-	2,587	44,301	48	322	1,484	71,355
Amortization	2,617	-	1,245	-	48	322	1,490	5,722
Translation adjustments	62	-	(3)	-	-	-	17	76
Balance at March 31	<u>25,292</u>	<u>-</u>	<u>3,829</u>	<u>44,301</u>	<u>96</u>	<u>644</u>	<u>2,991</u>	<u>77,153</u>
	<u>\$ 133,364</u>	<u>\$ 12,002</u>	<u>\$ 36,168</u>	<u>\$ -</u>	<u>\$ 1,154</u>	<u>\$ 2,514</u>	<u>\$ 12,645</u>	<u>\$ 197,847</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 Corporation entered into with local power companies and with expected 20-year revenue generation from the sale of electricity.

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

For the three months ended 2019 and 2018, the Group did not recognize any impairment loss.

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

## 19. PREPAYMENTS FOR LEASE

	March 31, 2019	December 31, 2018	March 31, 2018
Current assets	\$ 28,484	\$ 4,748	\$ 12,713
Non-current assets	<u>-</u>	<u>19,469</u>	<u>19,025</u>
	<u>\$ 28,484</u>	<u>\$ 24,217</u>	<u>\$ 31,738</u>

Prepayments for leases, which mainly included land use rights paid for power facilities construction in the United States, are amortized on a straight-line basis over 30 years. As of March 31, 2019, December 31, 2018 and March 31, 2018, such land use rights amounted to zero, \$19,469 thousand and \$19,025 thousand, respectively. The Group had obtained the certificates of land use rights.

## 20. PREPAYMENTS AND OTHER ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Prepayments</u>			
Payments in advance	\$ 2,526,832	\$ 2,286,892	\$ 848,178
Prepayments for equipment	558,640	311,706	286,768
Others	<u>601,824</u>	<u>547,164</u>	<u>155,202</u>
	<u>\$ 3,687,296</u>	<u>\$ 3,145,762</u>	<u>\$ 1,290,148</u>
<u>Other assets</u>			
Restricted assets	\$ 3,883,633	\$ 3,701,289	\$ 2,709,341
Pledged time deposits	930,976	595,018	343,362
Others	<u>971,808</u>	<u>884,390</u>	<u>407,183</u>
	<u>\$ 5,786,417</u>	<u>\$ 5,180,697</u>	<u>\$ 3,459,886</u>
<u>Prepayments</u>			
Current	\$ 943,994	\$ 638,326	\$ 239,666
Non-current	<u>2,743,302</u>	<u>2,507,436</u>	<u>1,050,482</u>
	<u>\$ 3,687,296</u>	<u>\$ 3,145,762</u>	<u>\$ 1,290,148</u>
<u>Other assets</u>			
Current	\$ 5,427,568	\$ 4,981,243	\$ 1,278,174
Non-current	<u>358,849</u>	<u>199,454</u>	<u>2,181,712</u>
	<u>\$ 5,786,417</u>	<u>\$ 5,180,697</u>	<u>\$ 3,459,886</u>

The Group recognized impairment losses on prepayments after assessment; for further disclosures refer to Note 38.

## 21. LOANS

### a. Short-term borrowings

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Secured borrowings</u>			
Bank loans	\$ 246,620	\$ 270,000	\$ 176,281
Non-financial loans	<u>29,415</u>	<u>41,808</u>	<u>58,788</u>
	276,035	311,808	235,069
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>5,279,896</u>	<u>6,557,820</u>	<u>7,337,614</u>
	<u>\$ 5,555,931</u>	<u>\$ 6,869,628</u>	<u>\$ 7,572,683</u>

- 1) The range of weighted average effective interest rates on bank loans was 1.4000%-3.8585%, 0.8800%-4.0698% and 0.9000%-6.0000% per annum as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.
- 2) The secured non-financial loans were the refundable deposits that were pledged as collateral for loans to Robina Finance & Leasing Corp. The borrowing rate were 6.2291%, 4.1096%-6.5000% and 3.7500% as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.
- 3) The unused amounts of short-term bank loan facilities were 3,723,659 thousand, 5,227,083 thousand and 2,823,487 thousand, as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.
- 4) The assets pledged as collaterals for short-term bank loans are shown in Note 37.

### b. Short-term bills payable

	March 31, 2019	December 31, 2018	March 31, 2018
Commercial papers	\$ 345,100	\$ 276,600	\$ 717,800
Less: Unamortized discount on bills payable	<u>(359)</u>	<u>(164)</u>	<u>(368)</u>
	<u>\$ 344,741</u>	<u>\$ 276,436</u>	<u>\$ 717,432</u>

Outstanding short-term bills payable were as follows:

March 31, 2019

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
<u>Commercial papers</u>				
International Bills Finance Corporation	\$ 232,300	\$ 320	\$ 231,980	0.750%
International Bills Finance Corporation	112,800	39	112,761	2.438%- 2.588%

December 31, 2018

<b>Promissory Institutions</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Value</b>	<b>Interest Rate</b>
<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%

March 31, 2018

<b>Promissory Institutions</b>	<b>Nominal Amount</b>	<b>Discount Amount</b>	<b>Carrying Value</b>	<b>Interest Rate</b>
<u>Commercial papers</u>				
International Bills Finance Corporation	\$ 387,800	\$ 238	\$ 387,562	0.600%
International Bills Finance Corporation	80,000	3	79,997	2.490%
Taiwan Cooperative Bills Finance Corporation	200,000	96	199,904	0.972%
Taiwan Cooperative Bills Finance Corporation	50,000	31	49,969	2.170%

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

c. Long-term bank loans

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Secured loan</u>			
10.13 billion syndicated loan from First Bank	\$ 7,530,886	\$ -	\$ -
4.5 billion syndicated loan from First Bank (1)	2,359,560	2,369,560	-
FMO & DEG Bank	1,139,724	1,149,430	-
CTBC Bank loan (1)	340,306	412,458	-
Cathy Bank	298,495	796,164	572,230
KGI Bank loan	250,000	250,000	-
Mega Bank	110,250	95,110	53,180
Taiwan Cooperative Bank loan (1)	105,800	210,022	-
Bank SinoPac	100,336	-	-
Yuanta Bank	70,313	72,191	76,637
Land Bank of Taiwan	69,581	-	-
Far Eastern Bank	67,968	68,535	140,528
Union Bank of Taiwan loan (1)	5,826	11,660	-
3.6 billion syndicated loan from Mega Bank (1)	-	2,832,000	-

(Continued)

	March 31, 2019	December 31, 2018	March 31, 2018
4.2 billion syndicated loan from First Bank (1)	\$ -	\$ 2,570,000	\$ -
3.3 billion syndicated loan from Taiwan Cooperative Bank	-	1,327,550	2,160,000
0.55 billion syndicated loan from First Bank (1)	-	178,750	-
<u>Unsecured loan</u>			
King's Town Bank (1)	1,140,000	1,210,000	1,450,000
0.5 billion syndicated loan from First Bank (1)	281,250	337,500	-
The Shanghai Commercial & Savings Bank (1)	106,759	107,407	-
First Bank loan (1)	23,496	23,515	-
Cota Commercial Bank loan (1)	12,497	16,664	-
<u>Other borrowings</u>			
IMPA (2)	629,867	554,631	280,481
Machinery and equipment Financing from EQUVO Pte., Ltd.	626,726	672,941	-
ROBINA VENTURES INCORPORATION	77,432	102,949	46,010
Inventory Financing from Shinshin Credit Corporation	75,000	-	-
Inventory Financing from Taichung Bank Leasing & Finance Co., Ltd	59,185	71,555	-
Chailease International Financial Services Co., Ltd.	55,793	81,384	209,706
Inventory Financing from JihSun International Leasing & Finance Co., Ltd.	45,485	90,370	178,365
Credit loan from IBT Leasing Corporation Limited	36,923	59,714	12,464
Inventory Financing from Hotai Finance Corporation	29,189	77,344	150,214
Credit loan from JihSun International Leasing & Finance Co., Ltd.	17,454	23,799	43,362
Credit loan from Taichung Bank Leasing & Finance Co., Ltd.	17,170	23,477	41,976
Inventory Financing from IBT Leasing Corporation Limited	-	7,327	67,496
Inventory Financing from Robina Finance Leasing Corporation Limited	-	-	113,024
	<u>15,683,271</u>	<u>15,804,007</u>	<u>5,595,673</u>
Less: Current portion	<u>(4,533,873)</u>	<u>(6,275,497)</u>	<u>(3,412,284)</u>
	<u>\$ 11,149,398</u>	<u>\$ 9,528,510</u>	<u>\$ 2,183,389</u>
The range of interest rate	1.4896%- 7.8200%	1.6894%- 7.8200%	1.6200%- 6.5000% (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.

Note 3: The contracts will expire in November 2043, in November 2043 and in November 2042, as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

1) The bank borrowing restrictions are as follows:

#### Short-term borrowings

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 Group's annual and semiannual consolidated and 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 Group was not in compliance with the above loan requirements as shown in their consolidated and nonconsolidated financial statements as of December 31, 2018. However, during the grace period from the date that the consolidated and nonconsolidated financial statements was authorized for issue until the date that the consolidated and nonconsolidated 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 the Group shall pay an additional 0.2% interest per annum based on the loan balance according to the loan agreements. In addition, should the Group 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 Group attain the required ratios. According to the agreement, the Group has deposited amounts of \$83,244 thousand as of December 31, 2018.

#### Long-term borrowings

During the credit period, the agreement on the First Bank \$10.13 billion syndicated loans requires the maintenance of certain financial ratios based on the Corporation annual and semiannual consolidated 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 150%;
- c) Interest coverage ratio [(income before tax + interest expense + depreciation + amortization) ÷ interest expense]: At least 2; and

d) Tangible net worth: At least \$25 billion.

The First Bank \$10.13 billion syndicated loans were new borrowings in February 2019.

During the credit period, the agreement on the First Bank \$4.5 billion syndicated loans requires the maintenance of certain financial ratios based on Utech's annual 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 250% and 200%, as of 2018 and 2019, respectively;
- c) 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. Compensation fee were properly recognized as required.

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) Debt to equity ratio (total liabilities ÷ tangible net worth): No more than 233%;
- b) Interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ principal and interest paid in current year]: At least 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 CTBC Bank syndicated loans requires the maintenance of certain financial ratios based on Gintech (Thailand)'s annual nonconsolidated financial reports. The related restrictions are as follows:

- a) Current ratio (current assets ÷ current liabilities): At least 120%;
- b) Interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ (interest expense + current portion of loan-term bank loans)]: At least 150%.

As a guarantor, during the credit period, the maintenance of certain financial ratios based on the Corporation's annual and semiannual consolidated 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 120%;

- c) Interest coverage ratio  $[(\text{income before tax} + \text{depreciation} + \text{amortization} + \text{interest expense}) \div \text{interest expense}]$  at least 4; and
- d) Tangible net worth (net worth - intangible assets) should be at least \$12 billion.

The Corporation obtained the consent from the banks in which the above-mentioned consolidated financial report's interest coverage ratio was not restricted in 2018.

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

- a) Interest coverage ratio  $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) \div \text{principal and interest paid in the current year}]$ : At least 110% or 120%;

The companies mentioned above did not meet the required interest 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.

The Cathay Bank secured loans of ET ENERGY was derecognized since it was disposed of in the first quarter of 2019.

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  $\div$  current liabilities): At least 100%; and
- b) Debt to equity ratio (total liabilities  $\div$  tangible net worth): No more than 300%.

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

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

- a) Debt to equity ratio (total liabilities  $\div$  tangible net worth): No more than 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 Group's annual and semiannual consolidated financial reports. The related restrictions are as follows:

- a) Current ratio (current assets  $\div$  current liabilities): At least 100%;
- b) Debt to equity ratio (total liabilities  $\div$  tangible net worth): No more than 300%;
- c) Interest coverage ratio  $[(\text{income before tax} + \text{depreciation} + \text{amortization} + \text{interest expense}) \div \text{interest expense}]$ : At least 100%; and
- d) Tangible net worth should be at least \$2 billion.

The long-term loans of Yong Han and Yun Yeh as mentioned above were sold to associate-New Cathay at first quarter of 2018. And the sale was carried out with the long-term loans.

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 consolidated 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. The above borrowing had been settled in the first quarter of 2019.

During the credit period, from 2019, the agreement on the First Bank \$4.2 billion syndicated loans 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) 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.

The Corporation did not violate the required financial ratios as of December 31, 2018. The above borrowing had been settled in the first quarter of 2019.

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 above borrowing had been settled in the first quarter of 2019.

The assets pledged as collaterals for long-term bank loans are shown in Note 37.

The unused amounts of long-term bank loan facilities were \$2,674,464 thousand, \$901,905 thousand and \$1,162,801 thousand as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively.

2) Other loan restrictions are as follows:

- a) Under its agreement with IMPA, the Group 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%;
  - iii. The expected term of the option was 4 years; and
  - iv. Risk-free interest rate was 2.8%.

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, the Group 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 2018. 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%.
- 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 March 31, 2019, December 31, 2018 and March 31, 2018, the sum of all outstanding installments were \$325,326 thousand, \$342,353 thousand and \$623,946 thousand, including interest amounting to \$5,738 thousand, \$7,439 thousand and \$17,237 thousand, respectively.
- d. Preference share liabilities

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Class A preference shares	\$ 57,221	\$ 60,964	\$ 32,015
Less: Current portion	<u>(16,527)</u>	<u>(16,481)</u>	<u>(8,321)</u>
	<u>\$ 40,694</u>	<u>\$ 44,483</u>	<u>\$ 23,694</u>

## 1) Class A preference shares

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

- a) MEGASIXTEEN, owned by GES USA, 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 and 2017, 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 ordinary 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 ordinary 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 the three month ended March 31, 2019 and 2018, the Group paid preference share dividends of US\$15 thousand (roughly NT\$464 thousand) and of US\$8 thousand (roughly NT\$232 thousand), respectively, which was classified under "Finance costs - Puttable preference shares"; for the three month ended March 31, 2018 and 2017, the Group paid the agreed amount in the form of cash dividends and a fixed asset management fee of US\$79 thousand (roughly NT\$2,446 thousand) and of US\$79 thousand (roughly NT\$2,325 thousand) as repayments of Class A preference shares. Cash dividends of US\$79 thousand (roughly NT\$2,446 thousand) and of US\$79 thousand (roughly NT\$2,325 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\$13,433 thousand (roughly NT\$412,941 thousand), as of March 31, 2019 and December 31, 2018, 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:

- 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.

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%;
- iii. The expected term of the option of 4 years; and
- iv. A risk-free interest rate of 2.8%.

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) GES USA had injected capital in TEV II, and owned 50% legal right, and reinvested into TEV Solar to own 100% equity. In order to carry out the solar energy business and activities through its three limited liability companies, GES USA 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 ordinary 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: TEV solar owns 66.19% of AC GES Solar's outstanding ordinary 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. TEV solar 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". For the three month ended March 31, 2019, the Group paid preference share dividends of US\$7 thousand (roughly NT\$220 thousand), which was classified under "Finance costs - Puttable preference shares"; for the three month ended March 31, 2019, the Group paid the agreed amount in the form of cash dividends and a fixed asset management fee of US\$70 thousand (roughly NT\$2,149 thousand) as repayments of Class A preference shares. Cash dividends of US\$70 thousand (roughly NT\$2,149 thousand) was not yet paid out by the Group, and this was classified under "Other payables".

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:

- 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 November 2018. As of 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.

For the three month ended March 31, 2019 and 2018, the Group recognized \$2,423 thousand gain on financial liabilities at fair value through profit or loss and \$205 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".

## 22. BONDS PAYABLE

	March 31, 2019	December 31, 2018	March 31, 2018
Secured overseas convertible bonds (a)	\$ 3,646,883	\$ 3,614,497	\$ 3,361,806
Less: Current portion	<u>(3,646,883)</u>	<u>(3,614,497)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,361,806</u>

a. Secured overseas convertible bonds

On October 27, 2016, the Corporation issued the third secured overseas convertible bonds, listed on the Singapore Exchange Securities Trading Limited. 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 were 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)	-	-
Balance at December 31, 2018	117,583	3,614,497	-	-
Rate adjusted	-	10,026	-	-
Interest charged at an effective interest rate	954	29,390	-	-
Accrued interest payable	(228)	(7,030)	-	-
Balance at March 31, 2019	\$ 118,309	\$ 3,646,883	\$ -	\$ -

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 nonconsolidated 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 interest coverage ratio as of March 31, 2018. The Corporation transferred \$2,127,241 thousand into the escrow account as required under the loan agreement. The Corporation was in compliance with the above ratio requirements except for the current ratio, debt to equity ratio and interest coverage ratio; however, the financial ratios did not meet this requirement which was not considered a breach of the agreement.

The assets pledged as collaterals for bonds payable are shown in Note 37.

### 23. ACCRUED EXPENSES AND OTHER LIABILITIES

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Accrued expenses</u>			
Loss on contracts	\$ 260,480	\$ 260,480	\$ 913,753
Salaries	197,122	221,354	120,453
Interest	134,757	133,996	392,964
Others	<u>1,272,856</u>	<u>1,477,279</u>	<u>984,388</u>
	<u>\$ 1,865,215</u>	<u>\$ 2,093,109</u>	<u>\$ 2,411,558</u>
<u>Other liabilities</u>			
Deferred revenue	\$ 57,693	\$ 245,677	\$ 190,831
Advanced receipts from customers	82,041	94,832	74,246
Others	<u>13,282</u>	<u>21,606</u>	<u>14,878</u>
	<u>\$ 153,016</u>	<u>\$ 362,115</u>	<u>\$ 279,955</u>
Current	\$ 95,324	\$ 131,650	\$ 100,349
Non-current	<u>57,692</u>	<u>230,465</u>	<u>179,606</u>
	<u>\$ 153,016</u>	<u>\$ 362,115</u>	<u>\$ 279,955</u>

### 24. PROVISIONS

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
<u>Non-current</u>			
Warranties	<u>\$ 141,167</u>	<u>\$ 305,138</u>	<u>\$ 258,746</u>

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Warranties</u>		
Balance at January 1	\$ 305,138	\$ 246,033
Additions	15,190	14,747
Reversals	(179,237)	-
Usage	(16)	(2,110)
Translation adjustments	<u>92</u>	<u>76</u>
Balance at March 31	<u>\$ 141,167</u>	<u>\$ 258,746</u>

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.

## 25. 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 to the amount of the specified contributions.

## 26. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Number of shares authorized (in thousands)	<u>3,200,000</u>	<u>3,200,000</u>	<u>1,200,000</u>
Amount of shares authorized	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>	<u>\$ 12,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,515,348</u>	<u>2,515,759</u>	<u>1,019,256</u>
Shares issued	\$ 25,153,495	\$ 25,157,599	\$ 10,192,564
Share premiums	<u>963,007</u>	<u>963,007</u>	<u>6,020,328</u>
	<u>\$ 26,116,502</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 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 \$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 \$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 would process a \$14,000,000 thousand capital increase. The Corporation's total amount of capital would be \$32,000,000 thousand after the capital increase. The number of ordinary shares issued with a par value of \$10 was 3,200,000 thousand.

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 \$8.32 per share with the effective date on October 15, 2018. The private-placement shares expired on March 27, 2019. On May 6, 2019, the Corporation's board of directors resolved not to continue handling the issuance of 45,708 thousand unqualified shares through private-placement shares.

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 was cancelled at no cost on the date of the merger. In the merger, the Corporation does not need to pay in exchange of shares. The date of the merger was March 31, 2019.

b. Capital surplus

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Share premiums	\$ 963,007	\$ 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	42,000	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>6,118</u>	<u>6,016</u>	<u>7,837</u>
	<u>\$ 1,011,125</u>	<u>\$ 1,011,023</u>	<u>\$ 6,070,165</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 expired.

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 28 (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 deficit for 2018 and 2017 had been proposed by the Corporation's board of directors on March 22, 2019 and had been approved in the shareholders' meeting on June 20, 2018, respectively. The information was as follows:

	<b>Offset of Accumulated Deficits</b>	
	<b>For the Year Ended December 31</b>	
	<b>2018</b>	<b>2017</b>
Offset of Accumulated Deficits with capital surplus	<u>\$ 369,468</u>	<u>\$ 4,611,501</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

Unrealized gain on financial assets at FVTOCI

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (527,897)	\$ (71,882)
Adjustment on initial application of IFRS 9	<u>-</u>	<u>(59,009)</u>
Balance at January 1	(527,897)	(130,891)
Recognized during the period		
Unrealized gain - equity instruments	143,874	52,592
Disposal of equity instruments cumulative gains and losses transfer to retained earnings	<u>7,968</u>	<u>-</u>
Balance at March 31	<u>\$ (376,055)</u>	<u>\$ (78,299)</u>

e. Treasury shares

<b>Purpose of Buy-back</b>	<b>Shares Held by Subsidiaries (In Thousands of Shares)</b>
Number of shares at January 1, 2019	<u>1,883</u>

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

<b>Name of Subsidiary</b>	<b>Number of Shares Held (In Thousands of Shares)</b>	<b>Carrying Amount</b>	<b>Market Price</b>
<u>March 31, 2019</u>			
Utech	1,883	<u>\$ 18,699</u>	<u>\$ 18,835</u>
<u>December 31, 2018</u>			
Utech	1,883	<u>\$ 18,699</u>	<u>\$ 14,747</u>

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

## 27. REVENUE

### For the Three Months Ended March 31, 2019

	Reportable Segments				Total
	Modules	Solar Cells	Power Facilities	Others	
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 2,010,500	\$ 1,814,903	\$ 1,815	\$ 182	\$ 3,827,400
Revenue from construction	-	-	145,630	-	145,630
Revenue from the sale of power facilities	-	-	127,069	-	127,069
Revenue from other activities	-	-	116,174	81,014	197,188
	<u>2,010,500</u>	<u>1,814,903</u>	<u>390,688</u>	<u>81,196</u>	<u>4,297,287</u>
Revenue from other operating activities	-	-	3,807	-	3,807
	<u>\$ 2,010,500</u>	<u>\$ 1,814,903</u>	<u>\$ 394,495</u>	<u>\$ 81,196</u>	<u>\$ 4,301,094</u>

### For the Three Months Ended March 31, 2018

	Reportable Segments				Total
	Modules	Solar Cells	Power Facilities	Others	
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 1,535,090	\$ 595,157	\$ 100,720	\$ 9	\$ 2,230,976
Revenue from construction	-	-	-	156,020	156,020
Revenue from other activities	-	49,853	18,392	93,444	161,689
	<u>\$ 1,535,090</u>	<u>\$ 645,010</u>	<u>\$ 119,112</u>	<u>\$ 249,473</u>	<u>\$ 2,548,685</u>

#### a. Contract balances

	March 31, 2019	December 31, 2018 (Restated)	March 31, 2018 (Restated)
Notes and accounts receivable (Note 10)	<u>\$ 3,262,236</u>	<u>\$ 3,134,295</u>	<u>\$ 1,485,582</u>
Contract assets			
Power facilities construction contracts	\$ 163,272	\$ 96,617	\$ 164,273
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 163,272</u>	<u>\$ 96,617</u>	<u>\$ 164,273</u>
Contract liabilities			
Sale of goods	\$ 371,574	\$ 242,376	\$ 953,500
Power facilities construction contracts	<u>102,188</u>	<u>102,876</u>	<u>45,823</u>
Contract liabilities - current	<u>\$ 473,762</u>	<u>\$ 345,252</u>	<u>\$ 999,323</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:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Contract assets		
Transfers of beginning balance to receivables	<u>\$ 28,057</u>	<u>\$ 33,847</u>

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

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
From the beginning contract liability		
Sale of goods	\$ 216,622	\$ 67,128
Power facilities construction contracts	<u>16,035</u>	<u>27,902</u>
	<u>\$ 232,657</u>	<u>\$ 95,030</u>

b. Disaggregation of revenue

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Geographical markets		
Taiwan	\$ 1,349,122	\$ 1,306,857
India	778,492	-
Germany	708,177	364,312
America	133,370	222,047
China	133,189	168,945
Others	<u>1,194,937</u>	<u>486,524</u>
	<u>\$ 4,297,287</u>	<u>\$ 2,548,685</u>
Timing of revenue recognition		
Satisfied at a point in time	\$ 4,147,691	\$ 2,392,665
Satisfied over time	<u>149,596</u>	<u>156,020</u>
	<u>\$ 4,297,287</u>	<u>\$ 2,548,685</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:

	<b>March 31, 2019</b>
Power facilities construction contracts - in 2019	<u>\$ 73,218</u>

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

**28. COMPREHENSIVE INCOME (LOSS)**

a. Other income and expenses

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Loss on disposal of non-current assets held for sale	\$ -	\$ (2,403)
Loss on disposal of property, plant and equipment	<u>(7,339)</u>	<u>-</u>
	<u>\$ (7,339)</u>	<u>\$ (2,403)</u>

b. Interest income and other income

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Interest income		
Puttable preference shares	\$ 2,825	\$ 2,856
Financing provided to related parties	2,175	4,562
Bank deposits	1,843	5,683
Others	<u>4</u>	<u>39</u>
	<u>\$ 6,847</u>	<u>\$ 13,140</u>
Other income		
Rental income	\$ 6,998	\$ 255
Penalty for delayed interests	803	1,799
Compensation income	-	1,620
Others	<u>23,059</u>	<u>6,855</u>
	<u>\$ 30,860</u>	<u>\$ 10,529</u>

c. Finance costs

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Interest on bank loans	\$ 165,833	\$ 94,264
Interest on convertible bonds	29,390	26,976
Interest on contract compensation	3,211	26,776
Other interest expense	<u>21,594</u>	<u>4,058</u>
	<u>\$ 220,028</u>	<u>\$ 152,074</u>

d. Depreciation and amortization

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Property, plant and equipment	\$ 968,859	\$ 494,623
Right-of-use assets	21,377	-
Intangible assets	<u>5,722</u>	<u>3,560</u>
	<u>\$ 995,958</u>	<u>\$ 498,183</u>
An analysis of depreciation by function		
Operating costs	\$ 935,188	\$ 479,341
Operating expenses	<u>55,048</u>	<u>15,282</u>
	<u>\$ 990,236</u>	<u>\$ 494,623</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 5,722</u>	<u>\$ 3,560</u>

e. Employee benefits expense

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Post-employment benefits (Note 25)		
Defined contribution plans	\$ 13,203	\$ 13,780
Share-based payments		
Equity-settled share-based payments	976	4,550
Other employee benefits	<u>483,364</u>	<u>396,150</u>
Total employee benefits expense	<u>\$ 497,543</u>	<u>\$ 414,480</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 307,382	\$ 261,655
Operating expenses	<u>190,161</u>	<u>152,825</u>
	<u>\$ 497,543</u>	<u>\$ 414,480</u>

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

The amendments stipulate distribution of employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The Corporation incurred deficits for the three months ended March 31, 2019 and 2018 as well as the years ended December 31, 2018 and 2017; thus, neither compensation to employees nor remuneration of 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 the accounting estimate in the following year.

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

g. Net (loss) gain on foreign currency exchange

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Foreign exchange gains	\$ 326,440	\$ 280,235
Foreign exchange losses	<u>(308,129)</u>	<u>(241,697)</u>
Net profit	<u>\$ 18,311</u>	<u>\$ 38,538</u>

## 29. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax		
In respect of the current period	\$ (39,834)	\$ (3,426)
Adjustments for prior periods	<u>-</u>	<u>-</u>
	(39,834)	(3,426)
Deferred tax		
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>(1,706)</u>
Income tax expense recognized in profit or loss	<u>\$ (39,834)</u>	<u>\$ (5,132)</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective from 2018. The effect of the change in tax rate on deferred tax expense to be recognized in profit or loss is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Deferred tax		
In respect of the current year		
Exchange differences on translating foreign operations	<u>\$ (6,750)</u>	<u>\$ (9,665)</u>

c. Income tax assessments

The Corporation's income tax returns through 2017 have been assessed by the tax authorities.

**30. LOSS PER SHARE**

**Unit: NTS Per Share**

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Basic loss per share	<u>\$ (0.26)</u>	<u>\$ (0.66)</u>
Diluted loss per share	<u>\$ (0.26)</u>	<u>\$ (0.66)</u>

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

Net loss for the period

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Loss for the period attributable to owners of the parent	\$ (661,163)	\$ (673,432)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (after tax)	_____ -	_____ -
Loss used in the computation of diluted loss per share	<u>\$ (661,163)</u>	<u>\$ (673,432)</u>

Weighted average number of ordinary shares outstanding (in thousands of shares):

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Weighted average number of ordinary shares used in the computation of basic loss per share	2,508,624	1,017,495
Effect of dilutive potential ordinary shares:		
Convertible bonds	-	-
Restricted share options of employee	-	-
Employee compensation	-	-
Employee share options	_____ -	_____ -
Weighted average number of ordinary shares used in the computation of diluted loss per share	<u>2,508,624</u>	<u>1,017,495</u>

Since the Corporation is allowed to settle the remuneration of employees by cash or shares, whenever applicable, the Corporation assumed 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 loss per share. This dilutive effect of the potential shares is included in the computation of diluted loss per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

For the three months ended March 31, 2019 and 2018, the Corporation's outstanding convertible bonds, employee share options and restricted share options of employee were anti-dilutive and excluded from the computation of diluted loss per share.

### 31. SHARE-BASED PAYMENT ARRANGEMENTS

#### Restricted share plan for employees

No employee restricted shares were granted for the three months ended March 31, 2019 and 2018.

Information on issued employee restricted shares was as follows:

	<u>Shares (In Thousands)</u>	
	<u>For the Three Months Ended</u>	
	<u>March 31</u>	
	<u>2019</u>	<u>2018</u>
Beginning balance	5,252	1,761
Canceled	<u>(411)</u>	<u>-</u>
Ending balance	<u>4,841</u>	<u>1,761</u>

The Group recognized compensation costs of \$1,817 thousand and \$4,550 thousand for the three months ended March 31, 2019 and 2018, respectively.

### 32. DISPOSAL OF SUBSIDIARIES

ET ENERGY and TIPPING POINT, which carried out its entire solar-related business in USA, were disposed of in the first quarter of 2019.

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

#### a. Consideration received from the disposal

	<u>March 31,</u>
	<u>2019</u>
	<u>USA</u>
Consideration received in cash and cash equivalents	<u>\$ 747,551</u>
Total consideration received	<u>\$ 747,551</u>

	<b>March 31, 2018</b>
	<u>Taiwan</u>
Consideration received in cash and cash equivalents	\$ 85,267
Sales proceeds receivable	<u>64,169</u>
Total consideration received	<u>\$ 149,436</u>
 b. Analysis of asset and liabilities on the date control was lost	
	<b>March 31, 2019</b>
	<u>USA</u>
Current assets	
Others	\$ 5,653
Non-current assets	
Property, plant and equipment	719,242
Others	19,458
Non-current liabilities	
Long-term bank loans	<u>(192,767)</u>
Net assets disposed of	<u>\$ 551,586</u>
	<b>March 31, 2018 (Restated)</b>
	<u>Taiwan</u>
Current assets	
Cash and cash equivalents	\$ 23,714
Account receivables	4,456
Other receivables	2,163
Other receivables from related parties	64,090
Others	6,759
Non-current assets	
Property, plant and equipment	341,073
Others	24,706
Current liabilities	
Payables to contractors and equipment suppliers	(8,908)
Current tax liabilities	(392)
Accrued expenses	(163,013)
Non-current liabilities	
Long-term bank loans	<u>(178,231)</u>
Net assets disposed of	<u>\$ 116,417</u>

c. Gain on disposals of subsidiaries

	<b>For the Three Months Ended March 31, 2019</b>
	<u>USA</u>
Consideration received	\$ 747,551
Realized gain	16,808
Net assets disposed of	<u>(551,586)</u>
Gain on disposal	<u>\$ 212,773</u>
	<b>For the Three Months Ended March 31, 2018</b>
	<u>Taiwan</u>
Consideration received	\$ 149,436
Realized gain	6,927
Net assets disposed of	<u>(116,417)</u>
Gain on disposal	<u>\$ 39,946</u>

d. Net cash inflow on disposal of subsidiaries

	<b>For the Three Months Ended March 31, 2019</b>
	<u>USA</u>
Consideration received in cash and cash equivalents	<u>\$ 747,551</u>
	<b>For the Three Months Ended March 31, 2018</b>
	<u>Taiwan</u>
Consideration received in cash and cash equivalents	\$ 85,267
Less: As-of-yet received accounts receivable of disposal	<u>(23,714)</u>
	<u>\$ 61,553</u>

### 33. CASH FLOW INFORMATION

- a. Changes in liabilities arising from financing activities

For the three months ended March 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes			Closing Balance
			Exchange Rate Changes	New Leases	Others (Note)	
Lease liabilities (Note 3)	\$ 921,223	\$ (20,615)	\$ 4,961	\$ 3,006	\$ 7,568	\$ 916,143

Note: The financing costs of lease liabilities.

### 34. CAPITAL MANAGEMENT

The Corporation 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 Corporation 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 Corporation 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.

### 35. FINANCIAL INSTRUMENTS

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

March 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Lease receivables (including current and non-current portions)	\$ 36,608	\$ -	\$ -	\$ 36,608	\$ 36,608
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	\$ 3,646,883	\$ -	\$ -	\$ 3,582,253	\$ 3,582,253

December 31, 2018 (Restated)

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Lease receivables (including current and non-current portions)	\$ 36,717	\$ -	\$ -	\$ 36,717	\$ 36,717
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	\$ 3,614,497	\$ -	\$ -	\$ 3,561,877	\$ 3,561,877

March 31, 2018 (Restated)

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	\$ 3,361,806	\$ -	\$ -	\$ 3,321,290	\$ 3,321,290

The fair values of the financial assets and financial liabilities included in the Level 3 categories above have been determined in accordance with income approaches 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 with a 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

March 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Long call options	\$ -	\$ -	\$ 243,853	\$ 243,853
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 1,617,533	\$ 113,680	\$ -	\$ 1,731,213
Domestic unlisted shares	-	-	93,661	93,661
Foreign unlisted shares	-	-	41,475	41,475
	\$ 1,617,533	\$ 113,680	\$ 135,136	\$ 1,866,349
Financial liabilities at FVTPL				
Short call options	\$ -	\$ -	\$ 192,576	\$ 192,576

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
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>

March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Long call options	\$ -	\$ -	\$ 114,871	\$ 114,871
Foreign exchange forward contracts	<u>          -</u>	<u>1,223</u>	<u>          -</u>	<u>1,223</u>
	<u>\$ -</u>	<u>\$ 1,223</u>	<u>\$ 114,871</u>	<u>\$ 116,094</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 8,580	\$ 153,090	\$ -	\$ 161,670
Domestic unlisted shares	-	-	72,327	72,327
Foreign unlisted shares	<u>          -</u>	<u>          -</u>	<u>22,010</u>	<u>22,010</u>
	<u>\$ 8,580</u>	<u>\$ 153,090</u>	<u>\$ 94,337</u>	<u>\$ 256,007</u>
Financial liabilities at FVTPL				
Short call options	\$ -	\$ -	\$ 89,219	\$ 89,219
Foreign exchange forward contracts	<u>          -</u>	<u>2,557</u>	<u>          -</u>	<u>2,557</u>
	<u>\$ -</u>	<u>\$ 2,557</u>	<u>\$ 89,219</u>	<u>\$ 91,776</u>

There were no transfers between Level 1 and 2 for the three months ended March 31, 2019 and 2018.

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

For the three months ended March 31, 2019

	<b>Financial Assets at Fair Value Through Profit or Loss Long Call Options</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments</b>
<u>Financial assets</u>		
Balance at January 1, 2019	\$ 243,130	\$ 135,751
Recognized in profit or loss - unrealized	(1,973)	(615)
Effect of exchange rate changes	<u>2,696</u>	<u>-</u>
Balance at March 31, 2019	<u>\$ 243,853</u>	<u>\$ 135,136</u>

	<b>Financial Assets at Fair Value Through Profit or Loss Short Call Options</b>
<u>Financial liabilities</u>	
Balance at January 1, 2019	\$ 191,790
Recognized in profit or loss - unrealized	1,768
Effect of exchange rate changes	<u>(982)</u>
Balance at March 31, 2019	<u>\$ 192,576</u>

For the three months ended March 31, 2018

	<b>Financial Assets at Fair Value Through Profit or Loss</b>		<b>Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments</b>
	<b>Long Call Options</b>	<b>Put Options</b>	
<u>Financial assets</u>			
Balance at January 1, 2018 per IAS 39	\$ 117,840	\$ 23,674	\$ -
Adjustment on initial application of IFRS 9	<u>-</u>	<u>-</u>	<u>94,363</u>
Balance at January 1, 2018 per IFRS 9	117,840	23,674	94,363
Recognized in profit or loss - unrealized	(2,969)	-	(26)
Recognized in profit or loss - realized	<u>-</u>	<u>(23,674)</u>	<u>-</u>
Balance at March 31, 2018	<u>\$ 114,871</u>	<u>\$ -</u>	<u>\$ 94,337</u>

	<b>Financial Assets at Fair Value Through Profit or Loss</b>
	<b>Short Call Options</b>
<u>Financial liabilities</u>	
Balance at January 1, 2018	\$ 94,014
Recognized in profit or loss - unrealized	<u>(4,795)</u>
Balance at March 31, 2018	<u>\$ 89,219</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 flows.  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, 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) 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 March 31, 2019, December 31, 2018 and March 31, 2018, the volatilities used were 17.00%.

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:

	<b>Inputs</b>	<b>Increase (+)/ Decrease (-)</b>	<b>Profit or Loss Changes Arising From Fair Value Movements</b>	<b>OCI Changes Arising From Fair Value Movements</b>
<u>For the three months ended March 31, 2019</u>				
Financial assets at fair value through profit or loss				
Long call options	7.00%	+0.5%	\$ (11,213)	-
	7.00%	-0.5%	<u>12,007</u>	-
			<u>\$ 794</u>	
Financial assets at fair value through profit or loss				
Short call options	7.00%	+0.5%	\$ 23,881	-
	7.00%	-0.5%	<u>(26,853)</u>	-
			<u>\$ (2,972)</u>	
<u>For the year ended December 31, 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>	
Financial assets at fair value through profit or loss				
Short call options	7.00%	+0.5%	\$ 22,710	-
	7.00%	-0.5%	<u>(25,466)</u>	-
			<u>\$ (2,756)</u>	
<u>For the three months ended March 31, 2018</u>				
Financial assets at fair value through profit or loss				
Long call options	6.80%	+0.5%	\$ (5,214)	-
	6.80%	-0.5%	<u>5,583</u>	-
			<u>\$ 369</u>	
Financial assets at fair value through profit or loss				
Long call options	6.80%	+0.5%	\$ 11,088	-
	6.80%	-0.5%	<u>(12,552)</u>	-
			<u>\$ (1,464)</u>	

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.

b) 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 March 31, 2019, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 1.9700 and 45.23%, respectively, while the price multiplier and volatility used to determine the fair value of foreign unlisted shares were 1.3100 and 35.06%, respectively. 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 45.473%, respectively, while the price multiplier and volatility used to determine the fair value of foreign unlisted shares were 1.3100 and 35.06%, respectively. An increase in the volatility used in isolation would result in a decrease in the fair value of these equity instruments. As of March 31, 2018, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 2.2700 and 41.44%, respectively, while the price multiplier and volatility used to determine the fair value of foreign unlisted shares were 10.2353 and 31.48%, 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:

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
For the three months ended <u>March 31, 2019</u>				
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	1.9700	+5.0%	-	\$ 2,119
	1.9700	-5.0%	-	(2,119)
	45.23%	+1.0%	-	(647)
	45.23%	-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>
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)
	45.47%	+1.0%	-	(647)
	45.47%	-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>
For the three months ended <u>March 31, 2018</u>				
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	2.2700	+5.0%	-	\$ 3,708
	2.2700	-5.0%	-	(3,766)
	41.44%	+1.0%	-	(824)
	41.44%	-1.0%	-	824
Foreign unlisted shares	10.2353	+5.0%	-	971
	10.2353	-5.0%	-	(971)
	31.48%	+1.0%	-	(357)
	31.48%	-1.0%	-	<u>357</u>
				<u>\$ (58)</u>

c) 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 March 31, 2019, December 31, 2018 and March 31, 2018, the historical volatilities used were 42.53%, 42.75% and 29.36%, respectively.

c. Categories of financial instruments

	<b>March 31, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>March 31, 2018 (Restated)</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL	\$ 243,853	\$ 243,130	\$ 116,094
Financial assets at amortized cost (1)	17,118,868	19,361,113	11,530,989
Financial assets at FVTOCI			
Equity instruments	1,866,349	1,729,231	256,007
<u>Financial liabilities</u>			
FVTPL			
Held for trading	192,576	191,790	91,776
Amortized cost (2)	29,937,289	30,382,755	19,713,614

Note 1: The financial assets included cash and cash equivalents, notes and accounts receivable, accounts receivable from related parties, pledged time deposits, restricted deposits, other receivables, debt investments, etc. and are measured at amortized cost.

Note 2: The financial liabilities included 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, bonds payable, preference share liabilities, etc. and are measured 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 Corporation 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 Corporation'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 reports quarterly to the Group's board of directors and audit committee, an independent organization that monitors risks and policies implemented to mitigate risk exposures.

## 1) Market risk

The Group's activities are primarily exposed 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 Corporation'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 Corporation to exchange rate risk. The Corporation 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 Group 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.

	<b>USD Impact</b>		<b>EUR Impact</b>		<b>JPY Impact</b>	
	<b>For the Three Months Ended March 31</b>		<b>For the Three Months Ended March 31</b>		<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Profit	\$ (46,142)	\$ (60,567)	\$ 23,235	\$ 28,985	\$ 124	\$ (336)

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

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Fair value interest rate risk			
Financial assets	\$ 2,027,923	\$ 2,120,090	\$ 1,570,026
Financial liabilities	(9,442,680)	(9,849,642)	(9,474,736)
Cash flow interest rate risk			
Financial assets	10,628,585	12,781,956	6,399,016
Financial liabilities	(15,980,124)	(16,909,886)	(8,197,837)

#### 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 liabilities outstanding at the end of the reporting period was outstanding for the whole year.

Had interest rates been 1% higher and all other variables been held constant, the Group's profit for the three months ended March 31, 2019 and 2018 would decrease by \$13,379 thousand and \$4,497 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 demand deposits.

#### 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 the three months ended March 31, 2019 would decrease by \$93,317 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 5% lower, other comprehensive income for the three months ended March 31, 2018 would decrease by \$12,800 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

The Corporation's sensitivity to price increased in the current period mainly because of the increase in AFS financial assets.

## 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. 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 accounts 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 accounts receivable 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 concentrations of credit risk was 19%, 20% and 21% in total accounts receivable as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively, which were 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 (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 refer to floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

March 31, 2019

	<b>On Demand or Up to 1 Month</b>	<b>Over 1 Month-3 Months</b>	<b>Over 3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 1,870,798	\$ 2,198,415	\$ 491,976	\$ 88,053
Lease liabilities	7,518	15,035	66,661	1,423,521
Variable interest rate liabilities	721,885	1,363,029	5,349,100	9,172,692
Fixed interest rate liabilities	<u>288,589</u>	<u>2,361,338</u>	<u>4,682,929</u>	<u>2,370,377</u>
	<u>\$ 2,888,790</u>	<u>\$ 5,937,817</u>	<u>\$10,590,666</u>	<u>\$13,054,043</u>

Additional information about the maturity analysis for lease liabilities:

	<b>Up to 1 Year</b>	<b>Over 1 Year - 5 Years</b>	<b>Over 5 Years - 10 Years</b>	<b>Over 10 Years - 15 Years</b>	<b>Over 15 Years - 20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 89,214</u>	<u>\$ 420,486</u>	<u>\$ 433,404</u>	<u>\$ 206,569</u>	<u>\$ 111,383</u>	<u>\$ 251,679</u>

December 31, 2018

	<b>On Demand or Up to 1 Month</b>	<b>Over 1 Month-3 Months</b>	<b>Over 3 Months to 1 Year</b>	<b>1+ Years</b>
<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>

March 31, 2018

	<b>On Demand or Up to 1 Month</b>	<b>Over 1 Month-3 Months</b>	<b>Over 3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 774,930	\$ 622,697	\$ 563,426	\$ 472,952
Variable interest rate liabilities	434,654	1,677,186	4,237,488	2,145,021
Fixed interest rate liabilities	<u>1,500,329</u>	<u>2,578,969</u>	<u>1,650,174</u>	<u>3,593,300</u>
	<u>\$ 2,709,913</u>	<u>\$ 4,878,852</u>	<u>\$ 6,451,088</u>	<u>\$ 6,211,273</u>

As of March 31, 2019, December 31, 2018 and March 31, 2018, 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.

March 31, 2019

	<b>On Demand or Up to 1 Month</b>	<b>Over 1 Month-3 Months</b>	<b>Over 3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Net settled</u>				
Short call options	\$ -	\$ -	\$ -	\$ 192,576

December 31, 2018

	<b>On Demand or Up to 1 Month</b>	<b>Over 1 Month-3 Months</b>	<b>Over 3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Net settled</u>				
Short call options	\$ -	\$ -	\$ -	\$ 191,790

March 31, 2018

	<b>On Demand or Up to 1 Month</b>	<b>Over 1 Month-3 Months</b>	<b>Over 3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Net settled</u>				
Foreign exchange forward contracts	\$ -	\$ 2,557	\$ -	\$ -
Short call options	-	-	-	89,219
	\$ -	\$ 2,557	\$ -	\$ 89,219

### 36. 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

Name of Related Parties	Relationship with the Group
Delta Electronics Inc. (Delta Company)	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)
TSCC	Other related parties (Note 4)
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)
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)
Greenskies Renewable Energy LLC	Associates (Note 8)
CF Lessee LOB LLC	Associates (Note 8)
Verde Solar Inc.	Associates (Note 8)
V5 Technology	Associates
Gintung	Associates (Note 9)
Sunshine PV	Associates (Note 9)
DevCo One	Joint venture
DevCo Two	Joint venture
JV2	Joint venture

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 March 31, 2019 and transactions from January 1, 2018 to March 31, 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 March 31, 2019 and transactions from January 1, 2018 to March 31, 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 1, 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: The acquisition of subsidiaries is due to absorption merging the two corporations, Gintech Energy and Solartech Energy on October 1, 2018.

b. Sales of goods

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Associates	\$ 151,533	\$ 257,419
Other related parties	<u>11,210</u>	<u>(5)</u>
	<u>\$ 162,743</u>	<u>\$ 257,414</u>

Sales of goods between the Group and related parties were based on specifically negotiated terms.

c. Other income

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Associates		
Sunshine PV	\$ 6,573	\$ -
CFY	803	1,799
Others	1,205	258
Other related parties	<u>904</u>	<u>5</u>
	<u>\$ 9,485</u>	<u>\$ 2,062</u>

d. Interest income

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties		
Phanes Holding	\$ 2,825	\$ 2,856
Associates		
CFY	1,382	4,192
Sunshine PV	793	-
Joint ventures	<u>-</u>	<u>370</u>
	<u>\$ 5,000</u>	<u>\$ 7,418</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

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties	\$ 964	\$ -
Investors with significant influence	<u>-</u>	<u>2,560</u>
	<u>\$ 964</u>	<u>\$ 2,560</u>

Purchases of goods between the Group and related parties were based on specifically negotiated terms.

f. Other expenses

	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Investors with significant influence	\$ -	\$ 327
Other related parties	<u>-</u>	<u>306</u>
	<u>\$ -</u>	<u>\$ 633</u>

g. Accounts receivable

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Associates			
CFC	\$ 471,207	\$ 367,956	\$ 189,262
Verde Solar Inc.	85,277	85,042	-
JSP	991	31,643	40,054
Others	3,816	69,811	-
Less: Allowance for impairment loss - associate	<u>(25,555)</u>	<u>(21,986)</u>	<u>-</u>
	<u>\$ 535,736</u>	<u>\$ 532,466</u>	<u>\$ 229,316</u>

The outstanding trade receivables from related parties are unsecured. An impairment loss of \$3,569 thousand and zero was recognized for trade receivables from related parties for the three months ended March 31, 2019 and 2018.

h. Other receivables

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Associates			
CF Lessee LOB LLC	\$ 369,734	\$ 493,797	\$ 1,052,419
CFY	135,623	133,141	360,190
CFC	113,447	113,131	250
Others	25,112	16,691	405,844
Other related parties			
Clean Focus Management Acquisition LLC	188,840	188,319	-
Others	14,343	13,440	13,068
Joint ventures			
DevCo One	156,980	128,426	53,739
Others	11,713	16,189	64,805
Less: Allowance for impairment loss - associate	<u>(16,544)</u>	<u>(8,400)</u>	<u>-</u>
	<u>\$ 999,248</u>	<u>\$ 1,094,734</u>	<u>\$ 1,950,315</u>

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 \$8,144 thousand and zero was recognized for the three months ended March 31, 2019 and 2018.

i. Contract assets

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Associates			
Da Li Energy	\$ 66,968	\$ 24,261	\$ 60,797
Si One	45,907	45,789	99,842
Yong Han	<u>43,166</u>	<u>-</u>	<u>-</u>
	<u>\$ 156,041</u>	<u>\$ 70,050</u>	<u>\$ 160,639</u>

For the three months ended March 31, 2019 and 2018, no impairment loss was recognized for contract assets from related parties.

j. Prepayments

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Other related parties			
SAS	<u>\$ 1,118,451</u>	<u>\$ 1,118,451</u>	<u>\$ -</u>

k. Other prepayments

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Associates	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,329</u>

l. Accounts payable

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Other related parties			
TSCC	\$ 751	\$ -	\$ -
Others	-	68	-
Investors with significant influence			
Delta Company	<u>-</u>	<u>373</u>	<u>269</u>
	<u>\$ 751</u>	<u>\$ 441</u>	<u>\$ 269</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.

m. Contract liabilities

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Associates			
Si One	\$ 79,715	\$ 88,306	\$ 45,287
Others	22,534	14,681	-
Other related parties			
SAS	2	36,372	-
Others	<u>11</u>	<u>11</u>	<u>3,493</u>
	<u>\$ 102,262</u>	<u>\$ 139,370</u>	<u>\$ 48,780</u>

n. Other receipts in advance

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Associates			
Yong Han	\$ -	\$ -	\$ 186
Yun Yeh	<u>-</u>	<u>-</u>	<u>52</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 238</u>

o. Payables to contractors and equipment suppliers

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Investors with significant influence	\$ 8,685	\$ 12,936	\$ 13,980
Other related parties	<u>-</u>	<u>-</u>	<u>6,478</u>
	<u>\$ 8,685</u>	<u>\$ 12,936</u>	<u>\$ 20,458</u>

p. Other accrued expenses

	<b>March 31, 2019</b>	<b>December 31, 2018</b>	<b>March 31, 2018</b>
Associates	\$ 249,079	\$ 244,279	\$ 243,933
Joint ventures	142,805	118,195	171,818
Other related parties	25,597	12,273	39
Investors with significant influence	<u>-</u>	<u>194</u>	<u>377</u>
	<u>\$ 417,481</u>	<u>\$ 374,941</u>	<u>\$ 416,167</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.

q. Acquisitions of property, plant and equipment

	<b>Purchase Price</b>	
	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties	\$ -	\$ 33,806
Investors with significant influence	<u>-</u>	<u>1,680</u>
	<u>\$ -</u>	<u>\$ 35,486</u>

r. Disposal of subsidiaries

Refer to note 32 for the details.

s. Endorsements and guarantees

For details on loans to related parties and endorsements and guarantees, refer to note 40.

t. Compensation of key management personnel

	<b>For the Three Months Ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term benefits	\$ 26,268	\$ 13,489
Share-based payments	323	2,178
Post-employment benefits	<u>502</u>	<u>231</u>
	<u>\$ 27,093</u>	<u>\$ 15,898</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.

### 37. 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:

	<b>March 31, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>March 31, 2018 (Restated)</b>
Property, plant and equipment	\$ 17,218,502	\$ 18,637,247	\$ 7,922,015
Restricted assets (classified as other current and non-current assets)	3,883,633	3,701,289	2,709,341
Finance assets at fair value through other comprehensive income	1,473,389	1,337,855	-
Refundable deposits	1,000,758	1,004,824	849,259
Pledged time deposits (classified as other current and non-current assets)	930,976	595,018	343,362
Investments accounted for using the equity method	598,680	598,352	-
Finance lease receivables (including current and non-current assets)	36,608	36,716	-
Non-current assets classified as held for sale	-	-	143,090
Power facility construction in progress (classified as inventories)	-	99,575	113,208
Inventory	<u>-</u>	<u>1,021</u>	<u>-</u>
	<u>\$ 25,142,546</u>	<u>\$ 26,011,897</u>	<u>\$ 12,080,275</u>

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Corporation 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. As of March 31, 2019, the Group recognized prepayments of USD57,567 thousand (approximately NT\$1,802,242 thousand), EUR 8,636 thousand (approximately NT\$397,190 thousand) shown in the consolidated balance sheet. The Group recognized a reversal of the impairment loss of \$14,129 thousand and \$14,472 thousand for the three month ended March 31, 2019 and 2018.

2) Material sell-buy agreements:

As of March 31, 2019, the Corporation entered into irrevocable sell-buy agreements with several companies.

The information was as follows:

<b>Company Name</b>	<b>Buyer</b>	<b>Duration</b>	<b>Note</b>
Yong Liang	Taiwan Power Company	20 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	USA 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 March 31, 2019, 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 March 31, 2019.

The settlement agreement was reached between the parties; the security deposit is expected to be collected during 2019.

- 3) The Group and GES ME entered into construction contracts with several contractors with a total contact price of \$2,247,322 thousand and unpaid amount was \$1,263,033 thousand as of March 31, 2019.

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) The Group entered into equity purchase or assets purchase agreements with several companies with a total contract price of \$257,887 thousand and the unpaid amount was \$119,464 thousand as of March 31, 2019.
- 5) As of March 31, 2019, unused letters of credit amounted to approximately US\$21,963 thousand and RMB5,313 thousand.

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 April 29, 2019. CEEG (Shanghai) has repaid a debt to DelSolar Wu Jian with solar cells assemblies for 3,148 thousand as of April 29, 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. The Corporation 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) 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. The Corporation 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.
- 4) 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, DelSolar Wu Jiang has changed the litigation strategy and decided to withdraw the lawsuit on July 6, 2017. On July 10, 2017, DelSolar 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, 2019. The judgement of the Shanghai Jiading People's Court on March 29, 2019 was for JE company to return to DelSolar Wu Jiang \$2,637 thousand and pay back the losses.

Shanghai Jiading People's Court dismissed the case, and DelSolar Wu Jiang did not appeal since there was no specific evidence.

- 5) JRC, a subsidiary of the Group 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. The Group has accrued a probable losses based on accounting conservatism. The litigation case is under appeal with no latest progress.

- 6) 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 31, 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.
- 7) 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 agreement due to the factories in Zhu-nan was closed permanently on October 31, 2016. Thus, no consensus has been reached about the amount of early termination. EQ company has filed an application for arbitration to request a payment of \$60,900 thousand with an annual interest of 5%. The Corporation has instructed counsel to respond the request.
- 8) 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 \$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 \$10,000 thousand. CE company has instructed counsel to respond the request from Gintech.
- 9) On May 6, 2019, the board of directors of the Corporation resolved and signed a settlement agreement with Sunshine PV on the mutual debts of the two parties. As of March 31, 2019, Sunshine PV owed a number of items from the Corporation such as goods, rental payment and capital loans, and additional interest was \$441,170 thousand, which was fully recognized as allowance for losses. The plant of Hsinchu of Solartech Energy suffered a fire disaster in October 2017, which caused damages to the machinery and equipment of Sunshine PV (referred to as "damaged equipment"). Sunshine PV applied for compensation from the insurance company, but the insurance company has not submitted an appraisal report to prove the damage yet. In order to evaluate the equipment as mentioned earlier, the Corporation requested an independent expert to evaluate the value of the damaged equipment of Sunshine PV. According to the opinion of the independent expert, the possible compensation loss was about \$460,000 thousand to \$510,000 thousand. Based on the long-term negotiation and the past cooperation relationship between the two parties and taking into account the current state of operation and solvency of Sunshine PV, the Corporation claimed that compensation can be obtained from Sunshine PV. The Corporation reconciled with Sunshine PV for the damages claimed, and they signed the settlement agreement on May 6, 2019. Based on the settlement agreement, the two parties no longer have any rights and obligations on the creditor's rights and debts.

### 39. EXCHANGE RATE INFORMATION OF FOREIGN-CURRENCY FINANCIAL ASSETS AND LIABILITIES

The Corporation 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:

	March 31, 2019		December 31, 2018		March 31, 2018	
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)
<u>Financial assets</u>						
Monetary assets						
USD	\$ 246,432	30.8250	\$ 224,768	30.7400	\$ 183,438	29.1200
USD (Note 2)	415	6.7348	260	6.8677	675	6.2811
USD (Note 3)	14,505	31.6576	25,523	32.2222	-	-
EUR	14,649	34.6200	14,999	35.2200	25,845	35.8730
JPY	51,128	0.2784	23,475	0.2781	10,045	0.2741
RMB	38,872	4.5770	50,346	4.4760	30	4.6361
GBP	2,181	40.3000	2,058	38.9500	13,867	40.8840
DOP	375	0.6073	386	0.6116	817	0.5853
Non-monetary assets						
USD	1,180	30.8250	1,144	30.7400	1,122	29.1200
USD	805	28.9978	805	28.9978	-	-
EUR	600	32.2300	600	32.2300	600	35.8730
MYR	50,656	7.7260	52,054	7.1190	-	-
<u>Financial liabilities</u>						
Monetary liabilities						
USD	273,285	30.8250	229,154	30.7400	225,704	29.1200
USD (Note 2)	2,405	6.7348	-	-	7	6.2811
USD (Note 3)	15,600	31.6576	9,132	32.2222	-	-
EUR	945	34.6200	10,097	35.2200	9,475	35.8730
EUR (Note 2)	210	7.5639	210	7.8686	210	7.7378
EUR (Note 3)	71	35.5551	29	36.9182	-	-
JPY	42,187	0.2784	44,610	0.2781	34,500	0.2741
JPY (Note 2)	-	-	-	-	74	0.0591
GBP	16	40.3000	38	38.9500	19	40.8840
RMB	7,712	4.5770	536	4.4760	2,371	4.6361
DOP	2,792	0.6073	1,576	0.6116	201	0.5853
NTD (Note 3)	-	-	146	1.0482	-	-

Note 1: Exchange rates between foreign currencies and New Taiwan Dollars, except where specified.

Note 2: Exchange rates between foreign currencies and RMB.

Note 3: Exchange rates between foreign currencies and THB.

For the three months ended March 31, 2019 and 2018, realized and unrealized foreign exchange gains (losses) were \$18,311 thousand and \$38,538 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the group entities.

### 40. SEPARATELY DISCLOSED ITEMS

The following are the additional disclosures required by the Securities and Futures Bureau for the Corporation:

- Financing provided to others: Table 1 (attached)
- Endorsements/guarantees provided: Table 2 (attached)
- Marketable securities held (not including investments in subsidiaries, associates, and joint ventures): Table 3 (attached)

- d. Marketable securities acquired and disposed of at cost 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.
- g. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: None.
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 5 (attached)
- i. Trading in derivative instruments: Note 7.
- j. Related information of investees over which the Corporation exercises significant influence: Table 6 (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 7 (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 8 (attached)
- l. Intercompany relationships and significant intercompany transactions: Table 9 (attached)

#### 41. 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 results

	<b>Segment Revenue</b>			
	<b>For the Three Months Ended March 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>From External Customer</b>	<b>Inter-segment Sales</b>	<b>From External Customer</b>	<b>Inter-segment Sales</b>
Modules	\$ 2,010,500	\$ 20,644	\$ 1,535,090	\$ 132,771
Solar cells	1,814,903	5,117	645,010	37,852
Power facilities	394,495	76,085	119,112	2,215
Others	<u>81,196</u>	<u>117,071</u>	<u>249,473</u>	<u>4,779</u>
Total for continuing operations	<u>\$ 4,301,094</u>	<u>\$ 218,917</u>	<u>\$ 2,548,685</u>	<u>\$ 177,617</u>

	<b>Segment Profit or Loss</b>	
	<b>For the Three Months Ended March 31</b>	
	<b>2019</b>	<b>2018</b>
Solar cells	\$ (290,734)	\$ (233,943)
Modules	240,565	(15,361)
Power facilities	43,778	14,101
Others	<u>(118,332)</u>	<u>18,393</u>
Gross loss of reportable segments	(124,723)	(216,810)
Unrealized intercompany profit	<u>24,942</u>	<u>(4,569)</u>
	(99,781)	(221,379)
Unallocated amount		
Operating expenses	(571,398)	(345,125)
Other income and expense	(7,339)	(2,403)
Non-operating income and expenses	<u>28,663</u>	<u>(98,256)</u>
Net loss before income tax	<u>\$ (649,855)</u>	<u>\$ (667,163)</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.

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE THREE MONTHS ENDED MARCH 31, 2019  
(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	Item			
0	The Corporation	Apex	Other receivables from related party	YES	\$ 550,000	\$ 300,000	\$ 24,000	3.00	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,421,903 (Note 2, 3 and 4)	\$ 4,843,805	Note 2
		Zhongyang	Other receivables from related party	YES	500,000	200,000	-	3.00	2	-	Operating capital	-	-	-	2,421,903 (Note 2, 3 and 4)	4,843,805	Note 2
		Sunshine PV	Other receivables from related party	YES	200,000	200,000	200,000	1.608	2	-	Operating capital	200,000	-	-	2,421,903 (Note 2, 3 and 4)	4,843,805	Note 2
		Huiyang	Other receivables from related party	YES	150,000	130,000	-	3.00	2	-	Operating capital	-	-	-	2,421,903 (Note 2, 3 and 4)	4,843,805	Note 2
		CFY	Other receivables from related party	YES	107,590	107,590	107,590	5.00	2	-	Operating capital	-	-	-	2,421,903 (Note 2, 3 and 4)	4,843,805	Note 2
1	GES JAPAN	GES UK	Other receivables from related party	YES	162,000	162,000	162,000	2.90	2	-	Operating capital	-	-	-	733,633 (Note 2, 3 and 4)	733,633	Note 2
		The Corporation	Other receivables from related party	YES	54,000	54,000	54,000	2.90	2	-	Operating capital	-	-	-	73,363 (Note 2, 3 and 4)	293,453	Note 2
2	GES UK	GES USA	Other receivables from related party	YES	381,250	381,250	381,250	2.90	2	-	Operating capital	-	-	-	2,686,472 (Note 2, 3 and 4)	2,686,472	Note 2
3	DelSolar Wu Jiang	NSP Nanchang	Other receivables from related party	YES	320,390	320,390	320,390	2.73	2	-	Operating capital	-	-	-	1,087,216 (Note 2, 3 and 4)	1,087,216	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 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: Overseas subsidiaries wholly-owned directly or indirectly by the Corporation 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.

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE THREE MONTHS ENDED MARCH 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1 and 2)	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 (Notes 1 and 2)	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	Zhongyang	Subsidiary	\$ 4,843,805	\$ 770,000	\$ 770,000	\$ 752,294	\$ -	3.09	\$ 12,109,513	YES	-	-
		Gintech (Thailand)	Subsidiary	4,843,805	633,790	631,185	332,859	-	2.53	12,109,513	YES	-	-
		GES UK	Subsidiary	4,843,805	619,900	619,900	447,706	-	2.49	12,109,513	YES	-	-
		NSP System	Subsidiary	4,843,805	500,000	500,000	232,300	-	2.01	12,109,513	YES	-	-
		Yong Liang	Subsidiary	4,843,805	417,250	397,250	248,407	-	1.59	12,109,513	YES	-	-
		NSP Indygen	Subsidiary	4,843,805	364,500	350,550	350,550	-	1.41	12,109,513	YES	-	-
		CFR	Subsidiary	4,843,805	310,000	307,400	307,400	-	1.23	12,109,513	YES	-	-
		Apex	Subsidiary	4,843,805	263,000	263,000	261,000	-	1.06	12,109,513	YES	-	-
		GES USA	Subsidiary	4,843,805	117,367	117,367	117,367	-	0.47	12,109,513	YES	-	-
		The Corporation	Subsidiary	4,843,805	51,120	51,120	33,561	-	0.21	12,109,513	YES	-	-
		NSP NEVADA	Subsidiary	4,843,805	46,110	46,110	-	-	0.18	12,109,513	YES	-	-
		TEV Solar	Subsidiary	1,343,236	311,550	311,550	310,000	-	28.73	2,686,472	YES	-	-
		MEGASIXTEEN	Subsidiary	1,343,236	255,000	255,000	255,000	-	23.52	2,686,472	YES	-	-
		MUNISOL	Subsidiary	1,343,236	134,532	134,532	134,532	-	12.41	2,686,472	YES	-	-
1	GES USA												

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 the Corporation and GES USA," the ceiling for the total guaranteed amount was 200% of the Corporation's and GES USA's net asset value, and the limit of the guaranteed amount for a single party was 100% of the Corporation's net asset value. But for business purposes, the limit on the guaranteed amount was the total of the purchases from or sales to the Corporation and GES USA within the most recent year. the Corporation's and GES USA's net asset value is based on its latest financial statements.

Note 3: 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 the Corporation, the Corporation 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

## MARKETABLE SECURITIES HELD

MARCH 31, 2019

(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	March 31, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	Shares CTCI	Investee	Financial assets at fair value through other comprehensive income- current	3,003	\$ 144,144	0.39	\$ 144,144	-
	SAS	Investee	Financial assets at fair value through other comprehensive income- non-current	21,860	1,473,389	3.73	1,473,389	1
	TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	4,000	64,960	5.44	64,960	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	0.58	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	-	-
	Puttable preference shares-Phanes Holding	Other related party	Financial assets at amortized cost- non-current	24	154,125	100.00	154,125	-
New Ray Investment	Shares TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	3,000	48,720	4.08	48,720	2 and 3
Apex	Shares TGET	Investee	Financial assets at fair value through other comprehensive income- non-current	8,889	27,098	7.11	27,098	-

Note 1: The asset has been pledged as collaterals for long-term bank loans and financing facilities. For the details refer to Note 37.

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: Except for the above mentioned, the above marketable securities had not been pledged or mortgaged as of March 31, 2019.

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES**

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE THREE MONTHS ENDED MARCH 31, 2019  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
GES USA	Shares ET ENERGY	Investment accounted for using the equity method	-	Subsidiary	4,800	\$ 139,843	-	\$ -	4,800	\$ 712,865	\$ 523,563	\$ 203,853	-	\$ -

Note 1: Included the investments in subsidiaries using equity method in this period.

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

## RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 2019

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss	
					Amount	Actions Taken			
The Corporation	DelSolar US	Subsidiary	\$ 996,464	-	\$ -	-	\$ -	\$ -	
	GES ME	Subsidiary	592,968	-	-	-	-	-	
	NSP NEVADA	Subsidiary	580,553	-	34,460	Receivable according to the financial situation	-	-	
	Sunshine PV	Associate	441,170	-	388,324	Receivable according to the financial situation	-	441,170	
	Gintech (Thailand)	Subsidiary	163,993	-	41,503	Receivable according to the financial situation	-	-	
	CFY	Associate	135,623	-	115,513	Receivable according to the financial situation	-	-	
	Zhongyang	Subsidiary	126,502	-	64,870	Receivable according to the financial situation	-	-	
	CFC	Associate	126,074	0.50	118,405	Receivable according to the financial situation	-	21,980	
	Yong Yao	Subsidiary	324,468	-	109,112	Receivable according to the financial situation	-	-	
	GES USA	Grandson company	132,746	-	132,746	Receivable according to the financial situation	-	-	
	DelSolar WuJiang	NSP Nanchang	Subsidiary	393,508	-	-	-	-	-
	NSP UK	NSP Indygen	Subsidiary	198,445	-	-	-	-	-
	DelSolar US	CFR	Subsidiary	945,972	-	-	-	-	-
NSP NEVADA	GES USA	Subsidiary	250,531	-	-	-	-	-	
CFR	CF Lessee LOB LLC	Associate	369,734	-	-	-	-	-	
	CFC	Associate	315,937	0.23	-	-	-	-	
	Clean Focus Management Acquisition LLC	Other related party	188,840	-	-	-	-	-	
	DevCo One	Associate	124,261	-	-	-	-	-	
USD1	CFR	Subsidiary	270,098	-	-	-	-	-	
Beryl	CFC	Associate	122,760	-	-	-	-	-	
GES JAPAN	The Corporation	Parent company	226,562	-	170,673	Receivable according to the financial situation	-	-	
	Hashimoto	Subsidiary	212,634	-	210,036	Receivable according to the financial situation	-	-	
	GES UK	Parent company	168,476	-	-	-	-	-	
GES USA	MUNISOL	Grandson company	847,598	-	-	-	-	-	
GES UK	JRC	Subsidiary	448,843	-	448,843	Receivable according to the financial situation	-	-	
	GES USA	Subsidiary	401,062	-	385,313	Receivable according to the financial situation	-	-	
TEV II	TEV Solar	Subsidiary	604,804	-	-	-	-	-	

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE THREE MONTHS ENDED MARCH 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value			
The Corporation	UES	Independent State of Samoa	Investment company	\$ 1,910,636	\$ 1,910,636	61,930	100	\$ 1,892,888	\$ (31,467)	\$ (31,467)	-
	DelSolar Cayman	Cayman Islands	Investment company	4,674,964	4,597,639	147,626	100	1,738,416	(142,793)	(142,690)	-
	NSP BVI	British Virgin Islands	Investment company	1,426,179	1,426,179	45,001	100	1,406,241	(5,465)	(5,465)	-
	GES	Hsin-chu, Taiwan	Electronic component manufacturing and selling	-	-	-	-	-	-	-	2
	GES ME	Dubai	Solar related business	418,805	418,805	4	100	357,869	(1,919)	(1,919)	-
	Apex	Hsin-chu, Taiwan	Solar related business	145,994	145,994	48,500	100	157,754	413	413	-
	NSP UK	London, UK	Investment company	138,967	138,967	3,580	100	156,323	8,336	8,336	-
	NSP System	Tainan, Taiwan	Solar related business	144,200	144,200	14,420	100	122,175	(12,992)	(19,298)	-
	Prime Energy	Tainan, Taiwan	Electronic component manufacturing and selling	90,000	90,000	9,000	100	79,961	(29)	(29)	-
	Ne Ray Investment	Tainan, Taiwan	Investment company	115,000	115,000	11,500	100	63,298	(4)	(4)	-
	Zhongyang	Hsin-chu, Taiwan	Solar related business	24,121	24,121	3,500	100	40,116	8,677	8,677	-
	Huiyang	Hsin-chu, Taiwan	Solar related business	30,427	30,427	3,100	100	30,322	27	27	-
	UREE	Kaohsiung, Taiwan	Solar related business	20,000	-	2,000	100	19,973	(27)	(27)	13
	DelSolar Singapore	Singapore	Investment company	29,743	29,743	1,250	100	19,513	413	413	-
	BPS	Tainan, Taiwan	Solar related business	6,000	6,000	600	60	14,856	(40)	(24)	-
	SMC	Hsin-chu, Taiwan	Solar related business	9,720	9,720	1,000	100	9,744	86	86	-
	Solartech Japan	Japan	Solar related business	36,205	36,205	2	100	8,938	(25,587)	(25,587)	-
	Utech	Miaoli, Taiwan	Electronic component manufacturing	57,169	57,169	63,675	98.30	(250,232)	(121,355)	(115,729)	-
	Yong Liang	Hsin-chu, Taiwan	Solar related business	249,000	249,000	24,900	100	243,763	(198)	(198)	2
	Yong Zhou	Hsin-chu, Taiwan	Solar related business	46,500	41,500	-	100	10,261	(1,630)	(1,630)	2
	Ever Lite	Hsin-chu, Taiwan	Electronic component selling	6,000	6,000	-	100	6,647	4,106	4,106	2
	Yong Yao	Changhua, Taiwan	Solar related business	142,000	142,000	14,200	100	139,756	(338)	(338)	2
	Yong Shun	Hsin-chu, Taiwan	Solar related business	2,000	2,000	200	100	819	(95)	(95)	2
	JRC	Domincan	Solar related business	3,717	3,717	1	1	1,910	(5,592)	(51)	2
	GES UK	London, UK	Investment company	3,170,893	3,170,893	103,890	100	2,532,835	116,136	116,136	2
	Neo Cathay	Tainan, Taiwan	Investment company	600,000	600,000	60,000	40	598,680	16,587	6,634	-
	TSST	Malaysia	Solar related business	417,692	417,692	97,701	42.12	252,099	(24,135)	(10,166)	-
	V5 Technology	Hsin-chu, Taiwan	Electronic component manufacturing and selling	114,084	114,084	7,790	41.43	60,990	(19,456)	(8,871)	-
	Gintung	Taoyuan, Taiwan	Electronic component manufacturing	34,341	34,341	13,460	36.38	55,229	29,700	10,805	-
	JSP	Taipei, Taiwan	Solar related business	10,500	10,500	1,050	35	6,496	(2,965)	(1,038)	-
	Sunshine PV	Hsin-chu, Taiwan	Solar related business	-	-	13,281	19.47	-	-	-	4
	Solar PV	Cayman Islands	Investment company	-	-	30,500	19.92	-	(1,764)	-	4
UES	RES	Independent State of Samoa	Investment company	1,971,918	1,971,918	61,930	100	1,856,845	(31,467)	(31,467)	-
RES	Gintech Thailand	Thailand	Solar related business	1,964,202	1,964,202	29,466	100	1,849,290	(31,467)	(31,467)	-
GES UK	GES USA	Nevada, US	Investment company	1,185,163	1,185,163	39,680	100	1,109,175	133,101	133,101	-
	NCH Solar 1	London, UK	Solar related business	395,106	414,684	7,447	100	309,043	550	550	-
	GES Solar 2	London, UK	Solar related business	61,326	61,326	1,021	100	27,226	(70)	(70)	-
	GES Solar 3	London, UK	Solar related business	3,328	3,328	67	100	(3,294)	(256)	(256)	-
	GES CANADA	Yaboda, Canada	Investment company	371,356	371,356	10,540	100	90,942	(5,734)	(5,734)	-
	GES JAPAN	Kitakyushu, Japan	Investment company	665,781	665,781	221	100	711,486	(13,447)	(13,447)	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note		
				March 31, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value					
GES USA	ET ENERGY	Indiana, US	Solar related business	\$ -	\$ 141,220	-	-	\$ -	\$ (9,886)	\$ (9,886)	5		
	TIPPING POINT	Ohio, US	Solar related business	-	34,471	-	-	-	(125)	(125)	5		
	MEGATWO	California, US	Solar related business	500,645	441,462	16,607	100	385,751	(2,061)	(2,061)	-		
	MEGATHREE	Delaware, US	Solar related business	38,606	38,606	1,284	40	34,220	(419)	(414)	-		
	MEGAFIVE	California, US	Solar related business	19,527	19,527	635	100	17,372	(1,630)	(1,630)	-		
	MEGASIX	California, US	Solar related business	-	-	-	-	(1,583)	(96)	(96)	6		
	MEGAEIGHT	California, US	Solar related business	25,843	25,843	790	100	22,233	(395)	(395)	-		
	MEGATWELVE	Indiana, US	Solar related business	5,204	5,204	168	100	3,252	(315)	(315)	-		
	MEGATHIRTEEN	Indiana, US	Solar related business	58,890	58,890	2,000	100	58,968	(230)	(230)	-		
	MEGASIXTEEN	Indiana, US	Solar related business	351,772	351,772	11,981	100	346,013	(4,217)	(4,217)	7		
	MEGASEVENTEEN	Indiana, US	Solar related business	-	-	-	-	(38)	(15)	(15)	6		
	MEGANINETEEN	California, US	Solar related business	4,025	4,025	132	100	2,460	(104)	(104)	-		
	MEGATWENTY	California, US	Solar related business	3,769	3,769	124	100	4,349	(17)	(17)	-		
	ASSET ONE	California, US	Solar related business	34,229	34,229	1,060	100	30,503	(122)	(122)	-		
	ASSET TWO	California, US	Solar related business	-	-	-	-	(227)	(25)	(25)	6		
	ASSET THREE	Hawaii, US	Solar related business	87,289	87,289	2,839	100	62,453	(2,347)	(2,347)	-		
	ASSET FOUR	California, US	Solar related business	-	-	-	-	(196)	(25)	(25)	6		
	CENERGY	California, US	Solar related business	-	-	-	-	29,008	(25)	(25)	6		
	SH4	California, US	Solar related business	20,665	20,665	619	100	18,035	(148)	(148)	-		
	CEDAR FALLS	Iowa, US	Solar related business	70,428	70,428	2,287	100	62,294	(759)	(759)	-		
	Schenectady	New York, US	Solar related business	-	-	-	-	(5,651)	(68)	(68)	6		
	VOC	New York, US	Solar related business	-	-	-	-	(1,439)	(98)	(98)	6		
	HEYWOOD	Massachusetts, US	Solar related business	55,424	55,424	-	55	54,195	(76)	(42)	8		
	SEG	New York, US	Solar related business	24,144	24,144	800	100	23,998	(189)	(189)	-		
	KINECT	Hawaii, US	Solar related business	8,143	8,143	266	100	8,832	130	130	-		
	RER CT 57	Connecticut, US	Solar related business	62,093	62,093	2,031	100	57,097	(353)	(353)	-		
	MP Solar	California, US	Solar related business	99,128	99,128	-	55	99,871	(122)	(67)	8		
	Ventura	California, US	Solar related business	91,867	91,867	3,013	55	92,704	(25)	(14)	8		
	TEV II	Indiana, US	Solar related business	3,018	3,018	100	50	(29,616)	(2,980)	(894)	9		
	GES JAPAN	Hashimoto	Wakayama, Japan	Solar related business	55,893	55,893	5	100	54,946	(1,502)	(1,502)	-	
	GES CANADA	JRC	Dominican	Solar related business	371,967	371,967	74	99	43,398	(5,592)	(5,541)	-	
	MEGATWO	MUNISOL	Mexico	Solar related business	477,962	418,778	15,833	100	407,106	(2,032)	(2,032)	-	
	ASSET THREE	SHIMA'S	Hawaii, US	Solar related business	4,496	4,496	153	100	4,334	(44)	(44)	-	
		WAIMEA	Hawaii, US	Solar related business	16,185	16,185	526	100	16,590	107	107	-	
		HONOKAWAI	Hawaii, US	Solar related business	12,260	12,260	418	100	13,235	109	109	-	
		ELEELE	Hawaii, US	Solar related business	19,589	19,589	637	100	20,254	36	36	-	
		HANALEI	Hawaii, US	Solar related business	8,595	8,595	280	100	8,048	(39)	(39)	-	
		KAPAA	Hawaii, US	Solar related business	23,391	23,391	761	100	23,092	(76)	(76)	-	
		KOLOA	Hawaii, US	Solar related business	17,506	17,506	569	100	18,100	77	77	-	
		MEGASIXTEEN	GES AC	Indiana, US	Solar related business	738,518	738,518	-	67.59	768,592	(8,609)	(86)	7
		GES AC	ANDERSON N.	Indiana, US	Solar related business	410,752	410,752	13,507	100	407,436	(3,047)	(3,047)	7
			ANDERSON S.	Indiana, US	Solar related business	348,325	348,325	11,454	100	345,475	(2,701)	(2,701)	7
	Flora		Indiana, US	Solar related business	58,235	58,235	1,915	100	58,085	(385)	(385)	7	
Greenfield	Indiana, US		Solar related business	262,480	262,480	8,631	100	260,443	(1,882)	(1,882)	7		
Spiceland	Indiana, US		Solar related business	38,767	38,767	1,275	100	38,507	(294)	(294)	7		
TEV II	TEV Solar	Indiana, US	Solar related business	3,018	3,018	100	100	2,915	(62)	(62)	9		
TEV Solar	AC GES Solar	Indiana, US	Solar related business	593,754	593,754	19,675	66	606,361	(6,203)	(62)	10		
AC GES Solar	Richmond	Indiana, US	Solar related business	581,226	581,226	19,259	100	588,192	(4,097)	(4,097)	10		
	Rensselaer	Indiana, US	Solar related business	299,760	299,760	9,933	100	303,531	(1,936)	(1,936)	10		
	Advance	Indiana, US	Solar related business	16,106	16,106	534	100	16,296	(113)	(113)	10		

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				March 31, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value				
NSP BVI	CFY	Cayman Islands	Investment company	\$ 1,202,175	\$ 1,202,175	9,672	26.01	\$ 1,296,915	\$ 6,552	\$ (1,986)	-	
	CFGP	British Virgin Islands	Solar operation management services	184,950	184,950	30	60	109,305	(3,343)	(2,006)	-	
	NSP Stars	British Virgin Islands	Trust company	-	-	-	-	-	-	-	-	
DelSolar Cayman	NSP HK	Hong Kong	Solar related business	-	-	-	100	-	97	97	11	
	DelSolar HK	Hong Kong	Investment company	3,859,290	3,859,290	125,200	100	1,133,467	(92,459)	(92,459)	-	
	DelSolar US	Delaware, US	Investment company	533,273	456,210	2,501	100	436,706	(47,500)	(47,500)	-	
	NSP NEVADA	Nevada, US	Solar related business	157,978	157,978	5,125	-	168,353	(113)	(113)	-	
DelSolar Singapore	URE NSP	California, US	Solar related business	15,413	15,413	500	100	12,858	(2,555)	(2,555)	-	
	NSP Malaysia	Malaysia	Technical management services	23,427	23,427	760	100	19,044	(17)	(17)	-	
	NSP Vietnam	Vietnam	Technical management services	4,932	4,932	-	100	(253)	525	525	-	
NSP UK	NSP Germany	Cologne, Germany	Solar related business	685	685	25	90	3,966	1,546	1,392	-	
	PV Power Park	Frankfurt, Germany	Solar related business	806	806	-	100	749	-	-	-	
NSP System	NSP Indygen	UK	Solar related business	-	-	-	100	26,907	7,327	7,327	-	
	Hsin Jin Optoelectronics	Tainan, Taiwan	Solar related business	10,647	10,647	-	80	10,499	173	138	-	
	Hsin Jin Solar Energy	Tainan, Taiwan	Solar related business	13,981	13,981	-	60	13,442	97	58	-	
	Si Two	Tainan, Taiwan	Solar related business	20,000	20,000	2,000	100	19,754	6	6	-	
	Tienyang	Tainan, Taiwan	Solar related business	100	-	10	100	78	(22)	(22)	12	
	Deyang	Tainan, Taiwan	Solar related business	100	-	10	100	88	(12)	(12)	12	
	Shanyang	Tainan, Taiwan	Solar related business	100	-	10	100	88	(12)	(12)	12	
	Jeyang	Tainan, Taiwan	Solar related business	100	-	10	100	88	(12)	(12)	12	
	NSP HK	XYH Suzhou	Jiangsu, China	Solar related business	-	-	-	100	-	(194)	(194)	-
	CFGP	CFGP (HK)	Hong Kong	Solar operation management services	16,337	16,337	-	100	(10,900)	(4,095)	(4,095)	-
DelSolar HK	DelSolar Wu Jiang	Jiangsu, China	Solar related business	3,699,000	3,699,000	-	100	1,087,216	(79,845)	(79,845)	11	
	NSP JAPAN	Osaka, Japan	Solar related business	2,990	2,990	1	100	10,650	(122)	(122)	-	
NSP NEVADA	NSP Nanchang	Jiangxi, China	Solar related business	154,125	154,125	-	11.36	34,133	(109,510)	(12,440)	11	
	Livermore	Delaware, US	Solar related business	4,624	4,624	-	75	1,582	(16)	(12)	-	
	HEYWOOD	Massachusetts, US	Solar related business	44,635	44,635	-	45	44,050	(76)	(34)	8	
	Industrial Park	US	Solar related business	12,330	12,330	-	100	12,330	-	-	-	
	Hillsboro	US	Solar related business	57,403	57,403	-	100	56,819	-	-	-	
	MP Solar	California, US	Solar related business	81,995	81,995	-	45	81,713	(122)	(55)	8	
DelSolar US	Ventura	California, US	Solar related business	75,984	75,984	-	45	75,849	(25)	(11)	8	
	DelSolar Development	Delaware, US	Solar related business	149,501	149,501	-	100	120,606	(1,791)	(1,791)	-	
	CFR	Delaware, US	Solar related business	134,705	134,705	-	100	(148,238)	(45,520)	(45,520)	-	
	USD1	Delaware, US	Solar related business	110,415	110,415	-	100	204,141	-	-	-	
	JV2	Delaware, US	Solar related business	25,584	25,584	-	67	63,236	(52)	(26)	13	
	Beryl	Delaware, US	Solar related business	-	-	-	100	133,414	-	-	-	
	DelSolar Wu Jiang	NSP Nanchang	Jiangxi, China	1,202,175	1,202,175	-	88.64	176,632	(109,510)	(97,070)	3	
	DelSolar Development	DSS-USF PHX LLC	US	42,230	42,230	-	100	45,921	(288)	(288)	-	
CFR	DSS-RAL LLC	US	Solar related business	78,758	78,758	-	100	76,811	(1,687)	(1,687)	-	
	Rugged solar LLC	California, US	Solar related business	61,338	60,268	-	100	61,338	-	-	6	
	AVS Phase 2 LLC	California, US	Solar related business	322,160	263,527	-	100	322,160	-	-	6	
	Clear Solar I LLC	North Carolina, US	Solar related business	-	-	-	-	-	-	-	6	
	Long Beach	North Carolina, US	Solar related business	-	-	-	-	-	-	-	6	
	Randolph	North Carolina, US	Solar related business	-	-	-	-	-	-	-	6	
USD1	DevCo One	US	Solar related business	13,693	13,693	-	40	1,853	-	-	-	
	DevCo Two	US	Solar related business	13,693	13,693	-	40	1,853	-	-	-	
CFGP (HK)	CFGP (Shanghai)	Shanghai, China	Solar operations management services	16,337	16,337	-	100	(10,900)	(4,095)	(4,095)	-	
NSP Stars	CFY	Cayman Islands	Investment company	-	-	-	2.66	1,296,125	6,552	-	14	

(Continued)

- Note 1: Subsidiaries mentioned above were recognized on the basis of unaudited financial statements as March 31, 2019.
- Note 2: The Corporation which was the surviving company had a short-form merge with its 100% owned subsidiary, GES, as of March 31, 2019. The subsidiaries held by the formerly GES were transferred to the Corporation.
- Note 3: UREE was approved to be established on January, 2019. UREE became a 100%-owned subsidiary of the Corporation.
- Note 4: The Corporation recognized an impairment loss on equity investment in Sunshine PV and Solar PV, associates; therefore, the Group did not recognize any share of profit or loss of the associate.
- Note 5: ET ENERGY and TIPPING POINT were disposed of in the first quarter of 2019.
- Note 6: The Group's structured entities.
- 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: HEYWOOD, MP Solar and Ventura were each 55% - owned by GES USA and 45% - owned by NSP NEVADA.
- 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, 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: For investments in Mainland China, refer to Table 7.
- Note 12: The Group had injected capital in Tienyang, Deyang, Shanyang, Jeyang in January 2019, Tienyang, Deyang, Shanyang, Jeyang became a 100%-owned subsidiary of the Group.
- Note 13: 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 14: NSP Stars Limited has no right to the share of CFY's profit before meeting specific conditions.
- Note 15: The original investment amount and proportion of ownership are listed according to legal qualifications.

(Concluded)

**UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE THREE MONTHS ENDED MARCH 31, 2019  
(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, 2019	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2019	Accumulated Repatriation of Investment Income as of March 31, 2019
					Outward	Inward						
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,699,000	Indirect investments through the Group's 100% - owned subsidiary	USD 120,000 \$ 3,699,000	\$ -	\$ -	USD 120,000 \$ 3,699,000	USD (2,590) \$ (79,845)	100	USD (2,590) \$ (79,845) (Note 1)	USD 35,271 \$ 1,087,216 (Note 1)	\$ -
NSP Nanchang	Solar related business	USD 44,000 \$ 1,356,300	Indirect investments through the Group's 100% - owned subsidiary	USD 5,000 \$ 154,125	-	-	USD 5,000 \$ 154,125	USD (3,552) \$ (109,510)	100	USD (3,552) \$ (109,510) (Note 1)	USD 6,387 \$ 210,765 (Note 1)	-
JiangXi Solar PV Corp.	Solar related business	USD 18,450 \$ 568,721	Indirect investments through the Group's 100% - owned subsidiary	USD 18,450 \$ 568,721	-	-	USD 18,450 \$ 568,721	USD (57) \$ (1,764)	19.92	USD - \$ -	USD - \$ -	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2019 (US\$ in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
USD 143,450 \$ 4,421,846	USD 161,058 (Note 2) \$ 4,964,613	\$ 14,531,416

Note 1: Amount was recognized on the basis of non-reviewed financial statements.

Note 2: 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 March 31, 2019.

Note 3: 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 4: The exchange rate used is the rate on March 31, 2019.

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

## 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 THREE MONTHS ENDED MARCH 31, 2019

(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	Purchase goods	\$ 3,610	0.10	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	\$ 3,598	0.12	\$ -	-

Note: Amount was recognized on the basis of non-reviewed financial statements.

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018  
(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	
<u>For the three months ended March 31, 2019</u>							
0	The Corporation	DelSolar US	1	Other receivables	\$ 996,464	Note 2	2%
		NSP NEVADA	1	Other receivables	580,553	Note 2	1%
		GES ME	1	Other receivables	595,949	Note 2	1%
		Yong Yao	1	Other receivables	324,468	Note 2	1%
		NSP Nanchang	1	Sale of property, plant and equipment	73,952	Note 2	2%
		Gintech (Thailand)	1	Other cost of goods sold	317,324	Note 2	7%
		Zhongyang	1	Revenue from construction contracts	74,334	Note 2	2%
		SMC	1	Purchase	36,354	Note 2	1%
		Utech	1	Purchase	80,951	Note 2	2%
1	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	329,763	Note 2	1%
2	DelSolar US	CFR	3	Other receivables	945,972	Note 2	2%
3	GES UK	GES USA	3	Other receivables	401,062	Note 2	1%
		JRC	3	Other receivables	448,843	Note 2	1%
4	GES USA	MUNISOL	3	Other receivables	847,598	Note 2	1%
5	TEV II	TEV Solar	3	Other receivables	604,804	Note 2	1%
<u>For the three months ended March 31, 2018</u>							
0	The Corporation	DelSolar US	1	Other receivables	973,306	Note 2	3%
		NSP UK	1	Other receivables	515,185	Note 2	2%
		NSP NEVADA	1	Other receivables	878,492	Note 2	3%
		GES ME	1	Other receivables	437,914	Note 2	1%
		Yong Liang	1	Sales	60,448	Note 2	2%
		Yong Han	1	Sales	16,968	Note 2	1%
		GES KYUSHU	1	Other receivables	172,410	Note 2	1%
		GES USA	1	Other receivables	282,319	Note 2	1%
		GES UK	1	Other receivables	1,033,752	Note 2	3%
			1	Other income	12,798	Note 2	1%
		NSP System	1	Sales	14,474	Note 2	1%
		NSP Nanchang	1	Purchase	38,188	Note 2	2%
		Ever Lite	1	Sales	24,064	Note 2	1%
1	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	395,992	Note 2	1%
2	NSP UK	NSP Indygen	3	Other receivables	751,663	Note 2	2%
3	DelSolar US	CFR	3	Other receivables	889,173	Note 2	3%
4	GES UK	GES USA	3	Other receivables	369,917	Note 2	1%
		JRC	3	Other receivables	1,417,148	Note 2	4%
		GES JAPAN	3	Other receivables	222,138	Note 2	1%
5	GES USA	Munisol	3	Other receivables	615,196	Note 2	2%
6	GES JAPAN	GES KYUSHU	3	Other receivables	210,642	Note 2	1%
		Hashimoto	3	Other receivables	223,579	Note 2	1%

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