

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

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 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 September 30, 2019 and 2018, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended September 30, 2019 and 2018, the consolidated statements of changes in equity and cash flows for the nine-month periods ended September 30, 2019 and 2018, 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 September 30, 2019 and 2018, the combined total assets of these non-significant subsidiaries were NT\$5,070,026 thousand and NT\$12,907,818 thousand, respectively, representing 9.41% and 39.28%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$7,508,819 thousand and NT\$6,527,303 thousand, respectively, representing 24.53% and 28.09%, respectively, of the consolidated total liabilities; for the three-month periods September 30, 2019 and 2018 and for the nine-month periods ended September 30, 2019 and 2018, the amounts of combined comprehensive income (loss) of these subsidiaries were NT\$308,659 thousand, NT\$(377,048) thousand, NT\$151,208 thousand and NT\$(306,332) thousand, respectively, representing 25.11%, 41.32%, 7.00% and 16.42%, respectively, of the consolidated total comprehensive income. As disclosed in Note 15 to the consolidated financial statements, investments accounted for using the equity method were NT\$2,265,018 thousand and NT\$1,990,660 thousand as of September 30, 2019 and 2018, respectively; and the share of (loss) income of associates and joint ventures of NT\$(93,349) thousand, NT\$11,773 thousand, NT\$(90,561) thousand and NT\$46,457 thousand for the

three-month periods September 30, 2019 and 2018 and for the nine-month periods ended September 30, 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 September 30, 2019 and 2018, its consolidated financial performance for the three-month periods ended September 30, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the nine-month periods ended September 30, 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 the 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 IAS 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

November 8, 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)  
(Reviewed, Not Audited)

ASSETS	September 30, 2019		December 31, 2018		September 30, 2018		January 1, 2018		LIABILITIES AND EQUITY	September 30, 2019		December 31, 2018		September 30, 2018		January 1, 2018	
	Reviewed	%	Audited after Restatement	%	Reviewed after Restatement	%	Audited after Restatement	%		Reviewed	%	Audited after Restatement	%	Reviewed after Restatement	%	Audited after Restatement	%
<b>CURRENT ASSETS</b>									<b>CURRENT LIABILITIES</b>								
Cash and cash equivalents (Notes 6 and 35)	\$ 4,670,975	9	\$ 9,555,845	17	\$ 3,385,642	10	\$ 4,430,627	13	Short-term bank loans (Notes 21, 35 and 37)	\$ 3,966,419	8	\$ 6,869,628	12	\$ 7,283,461	22	\$ 8,229,315	24
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 35)	3,972	-	-	-	36	-	106	-	Short-term bills payable (Notes 21 and 35)	396,336	1	276,436	-	645,886	2	606,396	2
Financial assets at fair value through other comprehensive income - current (Notes 8 and 35)	125,225	-	133,333	-	-	-	-	-	Financial liabilities at fair value through profit or loss - current (Notes 7 and 35)	-	-	-	-	5,250	-	5,742	-
Contract assets - current (Notes 27 and 36)	157,906	-	96,617	-	129,262	-	64,295	-	Contract liabilities - current (Notes 27 and 36)	453,567	1	345,252	1	599,888	2	308,515	1
Notes and accounts receivable, net (Notes 10, 27 and 35)	2,864,348	5	2,601,829	4	1,517,883	5	1,370,096	4	Notes and accounts payable (Note 35)	2,051,472	4	2,048,266	3	926,364	3	1,104,640	3
Accounts receivable from related parties (Notes 10, 27, 35 and 36)	674,497	1	532,466	1	448,086	1	170,506	1	Accounts payable to related parties (Notes 35 and 36)	1,501	-	441	-	113,605	-	12,820	-
Financial lease receivables (Notes 11, 35 and 37)	514	-	699	-	654	-	-	-	Bonuses payable to employees and directors (Note 28)	2,649	-	2,649	-	2,649	-	8,242	-
Other receivables (Notes 10 and 35)	236,150	1	217,816	-	133,436	-	99,626	-	Payables to contractors and equipment suppliers (Notes 35 and 36)	135,974	-	402,074	1	115,366	-	507,879	2
Other receivables from related parties (Notes 10, 35 and 36)	683,879	1	1,083,053	2	1,124,219	4	1,765,926	5	Accrued expenses (Notes 23, 35 and 36)	1,668,182	3	2,093,109	4	2,132,625	7	2,536,941	8
Current tax assets	30,835	-	76,327	-	7,413	-	8,557	-	Current tax liabilities	1,869	-	1,910	-	1,440	-	19,462	-
Inventories (Notes 12 and 37)	5,903,805	11	3,385,486	6	2,235,804	7	2,972,591	9	Lease-liabilities - current (Notes 3, 17 and 33)	28,935	-	-	-	-	-	-	-
Prepayments (Notes 19, 20, 36 and 38)	1,136,807	2	638,326	1	205,760	1	205,275	1	Liabilities directly associated with non-current assets held for sale (Note 13)	-	-	-	-	243,607	1	-	-
Non-current assets held for sale (Notes 13 and 40)	-	-	-	-	973,236	3	280,778	1	Receipts in advance	191	-	478	-	418	-	138,071	-
Other current assets (Notes 19, 20, 35 and 37)	5,179,575	10	4,981,243	9	1,429,926	4	1,079,956	3	Current portion of long-term bank loans and bonds payables (Notes 21, 22, 35 and 37)	8,816,442	16	9,906,475	17	1,990,054	6	3,101,105	9
Total current assets	21,668,488	40	23,303,040	40	11,591,357	35	12,448,339	37	Other current liabilities (Note 23)	61,283	-	131,650	-	69,547	-	100,444	-
									Total current liabilities	17,584,820	33	22,078,368	38	14,130,160	43	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)	254,310	-	243,130	1	114,686	-	141,514	-	Financial liabilities at fair value through profit or loss - non-current (Notes 7 and 35)	196,993	1	191,790	-	78,875	-	94,014	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 35)	2,022,927	4	1,595,898	3	211,587	1	203,428	1	Bonds payable (Notes 22, 35 and 37)	-	-	-	-	3,570,306	11	3,425,011	10
Financial assets at amortized cost - non-current (Notes 4, 9 and 35)	155,100	-	153,700	-	152,755	1	149,240	-	Long-term bank loans (Notes 21, 35 and 37)	11,429,159	21	9,528,510	17	4,860,762	15	2,158,036	6
Investments accounted for using the equity method (Note 15)	2,265,018	4	2,371,256	4	1,990,660	6	1,885,340	5	Provisions - non-current (Note 24)	171,661	-	305,138	1	287,239	1	246,033	1
Property, plant and equipment (Notes 16 and 37)	21,503,314	40	25,219,508	44	13,461,804	41	14,887,687	44	Deferred tax liabilities	66,068	-	63,727	-	72,922	-	53,125	-
Right of use assets (Notes 3 and 17)	1,033,935	2	-	-	-	-	-	-	Lease-liabilities - non-current (Notes 3, 17 and 33)	1,032,181	2	-	-	-	-	-	-
Intangible assets (Note 18)	262,834	1	202,962	-	255,587	1	261,350	1	Preference share liabilities (Notes 21, 35 and 37)	33,077	-	44,483	-	20,493	-	26,419	-
Deferred tax assets	1,074,332	2	1,076,369	2	105,886	-	90,529	-	Guarantee deposits	44,125	-	38,795	-	37,139	-	36,595	-
Financial lease receivables - non-current (Notes 11, 35 and 37)	35,957	-	36,018	-	35,574	-	-	-	Other non-current liabilities (Note 23)	56,463	-	230,465	-	178,723	1	189,330	1
Prepayments - non-current (Notes 20 and 38)	2,206,923	4	2,507,436	4	1,058,978	3	1,010,072	3	Total non-current liabilities	13,029,727	24	10,402,908	18	9,106,459	28	6,228,563	18
Refundable deposits (Note 37)	993,607	2	1,004,824	2	930,793	3	852,023	2	Total liabilities	30,614,547	57	32,481,276	56	23,236,619	71	22,908,135	67
Other receivables from related parties - non-current (Notes 10, 35 and 36)	24,127	-	11,681	-	155,551	1	194,664	1	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 26, 28, 31 and 32)</b>								
Prepayments for lease (Note 19)	-	-	19,469	-	19,553	-	19,700	-	Ordinary shares	25,133,724	47	25,157,599	43	10,191,384	31	10,192,564	30
Other non-current assets (Notes 20 and 37)	404,138	1	199,454	-	2,774,576	8	1,940,462	6	Capital surplus	642,115	1	1,011,023	2	1,458,139	4	6,028,165	18
Total non-current assets	32,236,522	60	34,641,705	60	21,267,990	65	21,636,009	63	Accumulated deficit	(3,021,663)	(6)	(675,878)	(1)	(2,077,427)	(6)	(4,709,973)	(14)
								Other equity	(282,373)	-	(874,402)	(2)	(471,758)	(1)	(591,391)	(2)	
								Treasury shares	(18,699)	-	(18,699)	-	-	-	-	-	
								Total equity attributable to shareholders of the parent	22,453,104	42	24,599,643	42	9,100,338	28	10,919,365	32	
								NON-CONTROLLING INTERESTS (Note 32)	837,359	1	863,826	2	522,390	1	256,848	1	
								Total equity	23,290,463	43	25,463,469	44	9,622,728	29	11,176,213	33	
<b>TOTAL</b>	<b>\$ 53,905,010</b>	<b>100</b>	<b>\$ 57,944,745</b>	<b>100</b>	<b>\$ 32,859,347</b>	<b>100</b>	<b>\$ 34,084,348</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 53,905,010</b>	<b>100</b>	<b>\$ 57,944,745</b>	<b>100</b>	<b>\$ 32,859,347</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 November 8, 2019)

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

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
NET SALES (Notes 4, 27, 36 and 41)	\$ 4,251,012	100	\$ 2,783,530	100	\$ 14,258,631	100	\$ 8,222,515	100
COST OF SALES (Notes 12, 28, 36 and 41)	<u>4,671,144</u>	<u>110</u>	<u>2,858,102</u>	<u>103</u>	<u>14,742,312</u>	<u>104</u>	<u>8,838,916</u>	<u>108</u>
GROSS LOSS	(420,132)	(10)	(74,572)	(3)	(483,681)	(4)	(616,401)	(8)
(UNREALIZED) REALIZED GAIN FROM SALES	<u>(1,594)</u>	<u>-</u>	<u>163</u>	<u>-</u>	<u>(14,637)</u>	<u>-</u>	<u>(9,404)</u>	<u>-</u>
REALIZED GROSS LOSS FROM SALES	<u>(421,726)</u>	<u>(10)</u>	<u>(74,409)</u>	<u>(3)</u>	<u>(498,318)</u>	<u>(4)</u>	<u>(625,805)</u>	<u>(8)</u>
OPERATING EXPENSES (Notes 28 and 36)								
Selling and marketing	172,915	4	202,244	7	875,805	6	481,380	6
General and administrative	288,068	7	225,987	8	870,113	6	485,644	6
Research and development	56,198	1	52,431	2	148,061	1	163,107	2
Expected credit loss	<u>(2,253)</u>	<u>-</u>	<u>13,674</u>	<u>1</u>	<u>(18,153)</u>	<u>-</u>	<u>2,824</u>	<u>-</u>
Total operating expenses	<u>514,928</u>	<u>12</u>	<u>494,336</u>	<u>18</u>	<u>1,875,826</u>	<u>13</u>	<u>1,132,955</u>	<u>14</u>
OTHER INCOME AND EXPENSES (Notes 16 and 28)	<u>(6,976)</u>	<u>-</u>	<u>(255,909)</u>	<u>(9)</u>	<u>(11,880)</u>	<u>-</u>	<u>(258,312)</u>	<u>(3)</u>
LOSS FROM OPERATIONS	<u>(943,630)</u>	<u>(22)</u>	<u>(824,654)</u>	<u>(30)</u>	<u>(2,386,024)</u>	<u>(17)</u>	<u>(2,017,072)</u>	<u>(25)</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Notes 28 and 36)	117,522	3	38,824	1	211,844	2	72,989	1
Gain on financial instruments at fair value through profit or loss (Notes 4 and 7)	38,657	1	11,092	-	25,551	-	32,878	-
Interest income (Notes 28 and 36)	12,417	-	17,151	1	38,581	-	46,405	1
Gain on disposal of power facility business held for sale	-	-	2,079	-	-	-	6,387	-
Gain on disposal of investments	-	-	883	-	212,773	2	68,794	1
Gain on disposal of power facility business	-	-	-	-	1,904	-	-	-
Reversal of contract compensation interest	-	-	-	-	-	-	239,274	3
Expected credit loss (Note 10)	(11,804)	-	-	-	(30,155)	-	-	-
Foreign exchange (loss) gain (Note 28)	(15,442)	(1)	(5,991)	-	9,684	-	(54,549)	(1)
Other losses	(15,469)	(1)	(376)	-	(24,219)	-	(5,157)	-
Share of (loss) profit of associates and joint ventures (Notes 4 and 15)	(93,349)	(2)	11,773	1	(90,561)	(1)	46,457	1
Finance costs (Notes 21 and 28)	<u>(217,168)</u>	<u>(5)</u>	<u>(136,824)</u>	<u>(5)</u>	<u>(660,521)</u>	<u>(5)</u>	<u>(414,487)</u>	<u>(5)</u>
Total non-operating expenses	<u>(184,636)</u>	<u>(5)</u>	<u>(61,389)</u>	<u>(2)</u>	<u>(305,119)</u>	<u>(2)</u>	<u>38,991</u>	<u>1</u>
LOSS BEFORE INCOME TAX	(1,128,266)	(27)	(886,043)	(32)	(2,691,143)	(19)	(1,978,081)	(24)
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(1,350)</u>	<u>-</u>	<u>(2,640)</u>	<u>-</u>	<u>(48,839)</u>	<u>-</u>	<u>(9,607)</u>	<u>-</u>
NET LOSS FOR THE PERIOD	<u>(1,129,616)</u>	<u>(27)</u>	<u>(888,683)</u>	<u>(32)</u>	<u>(2,739,982)</u>	<u>(19)</u>	<u>(1,987,688)</u>	<u>(24)</u>

(Continued)

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

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

	For the Three Months Ended September 30				For the Nine Months Ended September 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME (Note 28)								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (18,784)	-	\$ (18,192)	(1)	\$ 425,676	3	\$ 8,143	-
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>(80,712)</u>	<u>(2)</u>	<u>(5,661)</u>	<u>-</u>	<u>152,986</u>	<u>1</u>	<u>113,451</u>	<u>1</u>
Total other comprehensive income (loss)	<u>(99,496)</u>	<u>(2)</u>	<u>\$ (23,853)</u>	<u>(1)</u>	<u>578,662</u>	<u>4</u>	<u>\$ 121,594</u>	<u>1</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (1,229,112)</u>	<u>(29)</u>	<u>\$ (912,536)</u>	<u>(33)</u>	<u>\$ (2,161,320)</u>	<u>(15)</u>	<u>\$ (1,866,094)</u>	<u>(23)</u>
NET LOSS ATTRIBUTABLE TO								
Shareholders of the parent	\$ (1,139,542)	(27)	\$ (858,556)	(31)	\$ (2,706,918)	(19)	\$ (1,978,955)	(24)
Non-controlling interests	<u>9,926</u>	<u>-</u>	<u>(30,127)</u>	<u>(1)</u>	<u>(33,064)</u>	<u>-</u>	<u>(8,733)</u>	<u>-</u>
	<u>\$ (1,129,616)</u>	<u>(27)</u>	<u>\$ (888,683)</u>	<u>(32)</u>	<u>\$ (2,739,982)</u>	<u>(19)</u>	<u>\$ (1,987,688)</u>	<u>(24)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO								
Shareholders of the parent	\$ (1,237,707)	(29)	\$ (883,186)	(32)	\$ (2,135,748)	(15)	\$ (1,873,542)	(23)
Non-controlling interests	<u>8,595</u>	<u>-</u>	<u>(29,350)</u>	<u>(1)</u>	<u>(25,572)</u>	<u>-</u>	<u>7,448</u>	<u>-</u>
	<u>\$ (1,229,112)</u>	<u>(29)</u>	<u>\$ (912,536)</u>	<u>(33)</u>	<u>\$ (2,161,320)</u>	<u>(15)</u>	<u>\$ (1,866,094)</u>	<u>(23)</u>
LOSS PER SHARE (Note 30)								
Basic loss per share	<u>\$ (0.45)</u>		<u>\$ (0.84)</u>		<u>\$ (1.08)</u>		<u>\$ (1.94)</u>	
Diluted loss per share	<u>\$ (0.45)</u>		<u>\$ (0.84)</u>		<u>\$ (1.08)</u>		<u>\$ (1.91)</u>	

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

(With Deloitte & Touche auditors' review report dated November 8, 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
	Capital Surplus						Other Equity							
	Ordinary Shares		Share Premium	Changes in Capital Surplus from Investments in Associates and Joint Ventures Accounted for Using the Equity Method	Restricted Shares for Employees	Accumulated Deficits	Foreign Currency Translation Reserve	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unrealized Gain (Loss) on Financial Assets at FVTOCI	Unearned Employees Benefits	Treasury Shares	Total		
Share (In Thousands)	Ordinary Share													
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 AS RESTATED	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
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	42,000	-	-	-	-	-	-	-	42,000	-	42,000
Offset of deficit against capital surplus	-	-	(4,611,501)	-	-	4,611,501	-	-	-	-	-	-	-	-
Cancellation of restricted shares for employees	(118)	(1,180)	-	-	(525)	-	-	-	-	1,705	-	-	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	12,515	-	12,515	-	12,515
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	258,094	258,094
Net loss for the nine months ended September 30, 2018	-	-	-	-	-	(1,978,955)	-	-	-	-	-	(1,978,955)	(8,733)	(1,987,688)
Other comprehensive income for the nine months ended September 30, 2018, net of income tax	-	-	-	-	-	-	97,270	-	8,143	-	-	105,413	16,181	121,594
Total comprehensive loss for the nine months ended September 30, 2018	-	-	-	-	-	(1,978,955)	97,270	-	8,143	-	-	(1,873,542)	7,448	(1,866,094)
BALANCE AT SEPTEMBER 30, 2018	1,019,138	\$ 10,191,384	\$ 1,408,827	\$ 42,000	\$ 7,312	\$ (2,077,427)	\$ (343,192)	\$ -	\$ (122,748)	\$ (5,818)	\$ -	\$ 9,100,338	\$ 522,390	\$ 9,622,728
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 AS RESTATED	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	-	-	-	-	-	(367)	-	-	-	-	-	(367)	367	-
Offset of deficit against capital surplus	-	-	(327,468)	(42,000)	-	369,468	-	-	-	-	-	-	-	-
Reclassification of issuance of share premium	-	-	6,453	-	(6,453)	-	-	-	-	-	-	-	-	-
Cancellation of restricted shares for employees	(2,387)	(23,875)	-	-	227	-	-	-	-	14,718	-	(8,930)	-	(8,930)
Compensation cost of restricted shares for employees	-	-	-	-	333	-	-	-	-	(1,827)	-	(1,494)	-	(1,494)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	-	(7,968)	-	-	7,968	-	-	-	-	-
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,262)	(1,262)
Net loss for the nine months ended September 30, 2019	-	-	-	-	-	(2,706,918)	-	-	-	-	-	(2,706,918)	(33,064)	(2,739,982)
Other comprehensive income for the nine months ended September 30, 2019, net of income tax	-	-	-	-	-	-	145,494	-	425,676	-	-	571,170	7,492	578,662
Total comprehensive loss for the nine months ended September 30, 2019	-	-	-	-	-	(2,706,918)	145,494	-	425,676	-	-	(2,135,748)	(25,572)	(2,161,320)
BALANCE AT SEPTEMBER 30, 2019	2,513,372	\$ 25,133,724	\$ 641,992	\$ -	\$ 123	\$ (3,021,663)	\$ (184,425)	\$ -	\$ (94,253)	\$ (3,695)	\$ (18,699)	\$ 22,453,104	\$ 837,359	\$ 23,290,463

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

(With Deloitte & Touche review report dated November 8, 2019)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (2,691,143)	\$ (1,978,081)
Adjustments for:		
Depreciation	2,653,491	1,450,176
Amortization	17,268	11,495
Expected credit loss recognized on trade receivables	12,002	2,824
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(9,949)	11,267
Gain on disposal of investment	(212,773)	(68,794)
Gain on disposal of power facilities business	(1,904)	-
Reversal of provisions	(179,236)	-
Write-down of inventories	113,274	89,978
Share of loss (gain) of associates and joint ventures	90,561	(46,457)
Loss on disposal of property, plant and equipment	11,893	-
(Reversal) recognized loss on purchase contracts	(14,129)	398,581
Impairment (reversal) loss on prepayments	15,895	(78,844)
Impairment loss on property, plant and equipment	-	255,909
Reclassified from property, plant and equipment to expenses	3,414	2,707
Loss on disposal of non-current assets held for sale	-	2,403
Gain on disposal of power facilities business held for sale	-	(6,387)
Realized gain from associates	14,637	9,404
Compensation cost of restricted shares for employees	(1,494)	12,515
Interest income	(40,455)	(46,903)
Dividend income	(75,153)	(3,680)
Finance costs	660,521	414,487
Contract compensation interest reversed	-	(239,274)
Gain on modification of leases	(13)	-
Net (gain) loss on foreign exchange	(157,508)	202,618
	<u>2,900,342</u>	<u>2,374,025</u>
Changes in operating assets and liabilities:		
Contract assets - current	(61,289)	(64,967)
Notes and accounts receivable	(261,767)	(142,738)
Accounts receivable from related parties	(123,316)	(276,401)
Other receivables	(8,450)	9,331
Other receivables from related parties	346,939	329,893
Inventories	(1,331,358)	(247,633)
Prepayments (including non-current)	(439,962)	85,034
Other current assets	(326)	20,948
Contract liabilities - current	108,315	291,373
Notes and accounts payable	(10,234)	(195,348)
Accounts payable to related parties	(2,076)	100,785
Bonuses payable to employees and directors	-	(5,593)

(Continued)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
Accrued expenses	\$ (456,868)	\$ (436,432)
Receipts in advance	(287)	(137,653)
Deferred revenue	16,973	(8,794)
Other current liabilities	(70,367)	47,722
Provisions	45,873	41,323
Income taxes refunded (paid)	<u>990</u>	<u>(21,474)</u>
Net cash used in operating activities	<u>(2,038,011)</u>	<u>(214,680)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of power facilities business	22,619	-
Proceeds from sale of financial assets at fair value through other comprehensive income	6,755	-
Acquisition of associates and joint ventures	-	(441)
Net cash inflow on disposal of subsidiaries	747,551	519,615
Proceeds from sale of non-current assets held for sale	-	135,189
Proceeds from sale of power facilities business held for sale	-	159,998
Acquisition of property, plant and equipment	(713,077)	(1,433,100)
Proceeds from disposal of property, plant and equipment	8,529	-
(Increase) decrease in other receivables from related parties - non-current	(12,446)	182,661
Payments for intangible assets	(34)	-
Repayments by related parties	-	259,633
Increase in restricted assets	(725,505)	(879,693)
(Increase) decrease in pledged time deposits	285,909	(301,032)
Decrease (increase) in finance lease receivables	246	(36,228)
Interest received	70,617	56,021
Dividends received	90,360	3,680
Decrease (increase) in refundable deposits	17,065	(222,886)
Decrease (increase) in other non-current assets	<u>40,663</u>	<u>(23,531)</u>
Net cash used in investing activities	<u>(160,748)</u>	<u>(1,580,114)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	8,713,933	15,383,570
Decrease in short-term bank loans	(11,625,257)	(16,382,584)
Increase in short-term bills payable	119,900	39,565
Proceeds from long-term bank loans	9,982,309	3,441,822
Repayments of long-term bank loans	(9,280,909)	(1,593,069)
Repayments of the principal portion of lease liabilities	(45,188)	-
Repayments of preference share liabilities	(4,923)	(4,640)

(Continued)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Nine Months Ended September 30	
	2019	2018
Increase (decrease) in guarantee deposits	\$ 4,990	\$ (394)
Interest paid	(559,998)	(313,037)
(Decrease) increase in non-controlling interests	<u>(1,262)</u>	<u>258,094</u>
Net cash (used in) generated from financing activities	<u>(2,696,405)</u>	<u>829,327</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>10,294</u>	<u>7,771</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,884,870)	(957,696)
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>\$ 4,670,975</u>	<u>\$ 3,472,931</u>
<u>Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of September 30, 2019 and 2018</u>		
Cash and cash equivalents in the consolidated balance sheets	\$ 4,670,975	\$ 3,385,642
Cash and cash equivalents that will be classified as non-current assets held for sale	<u>-</u>	<u>87,289</u>
Cash and cash equivalents at end of the period	<u>\$ 4,670,975</u>	<u>\$ 3,472,931</u>

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

(With Deloitte & Touche review report dated November 8, 2019)

(Concluded)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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 with 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 with 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 dollars.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on November 8, 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 2.45%. 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	\$ 893,636
Add: Adjustments as a result of a different treatment of extension and termination options	<u>182,065</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 1,075,701</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	2,506,228	95,601	2,601,829
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>1,075,701</u>	<u>1,075,701</u>
Total effect on assets	<u>\$ 30,570,852</u>	<u>\$ 734,159</u>	<u>\$ 31,305,011</u>
Lease liabilities - current and non-current	<u>\$ -</u>	<u>\$ 1,075,701</u>	<u>\$ 1,075,701</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 1,075,701</u>	<u>\$ 1,075,701</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 September 30, 2018</u>			
Lease receivable- current and non-current	\$ 5,340,994	\$ (5,304,766)	\$ 36,228
Account receivable	1,366,883	151,000	1,517,883
Property, plant and equipment	8,595,436	4,866,368	13,461,804
Investment accounted for using the equity method	<u>1,998,196</u>	<u>(7,536)</u>	<u>1,990,660</u>
Total effect on assets	<u>\$ 17,301,509</u>	<u>\$ (294,934)</u>	<u>\$ 17,006,575</u>
Retained earnings	\$ (1,802,089)	\$ (275,338)	\$ (2,077,427)
Non-controlling interests	544,581	(22,191)	522,390
Other equity	<u>(474,353)</u>	<u>2,595</u>	<u>(471,758)</u>
Total effect on equity	<u>\$ (1,731,861)</u>	<u>\$ (294,934)</u>	<u>\$ (2,026,795)</u>

	<b>Originally Stated Amount</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated Amount</b>
<u>As of January 1, 2018</u>			
Lease receivable- current and non-current	\$ 3,993,789	\$ (3,993,789)	\$ -
Account receivable	1,300,076	70,020	1,370,096
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>\$ 18,344,537</u>	<u>\$ (201,414)</u>	<u>\$ 18,143,123</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 nine months ended of <u>September 30, 2018</u>			
Net sales	\$ 8,096,975	\$ 125,540	\$ 8,222,515
Cost of sales	(8,610,318)	(228,598)	(8,838,916)
Share of profit (loss) of associates and joint ventures	51,587	(5,130)	46,457
Gain on disposal of investments	<u>59,277</u>	<u>9,517</u>	<u>68,794</u>
Total effect on net profit for the period	<u>\$ (402,479)</u>	<u>\$ (98,671)</u>	<u>\$ (501,150)</u>
Item that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations	<u>\$ 108,300</u>	<u>\$ 5,151</u>	<u>\$ 113,451</u>
Total effect on total comprehensive income for the period	<u>\$ 108,300</u>	<u>\$ 5,151</u>	<u>\$ 113,451</u>
Increase (decrease) in net profit attributable to:			
Owners of the Company	\$ (1,900,915)	\$ (78,040)	\$ (1,978,955)
Non-controlling interests	11,898	(20,631)	(8,733)
Increase (decrease) in total comprehensive income attributable to:			
Owners of the Company	(1,800,653)	(72,889)	(1,873,542)
Non-controlling interests	28,079	(20,631)	7,448
Basic loss per share	(1.87)	(0.07)	(1.94)
Diluted loss per share	(1.87)	(0.07)	(1.94)

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 outflow from operating activities	\$ (652,706)	\$ 438,026	\$ (214,680)
Net increase in cash outflow from investing activities	(1,142,088)	(438,026)	(1,580,114)
Net increase in cash inflow from financing activities	829,327	-	829,327
Net decrease in cash and cash equivalents	(957,696)	-	(957,696)

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. The IFRSs endorsed by the FSC for application starting from 2020

<b>New IFRSs</b>	<b>Effective Date Announced by IASB</b>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 2)

Note 1: 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 2: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

1) 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.

- c. 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 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2021
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

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

- 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.

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 7 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

	September 30, 2019	December 31, 2018	September 30, 2018
Demand deposits	\$ 4,629,600	\$ 9,080,667	\$ 2,985,976
Checking accounts	36,104	121,377	109,818
Cash on hand	876	1,000	565
Cash equivalents			
Time deposits	4,395	328,785	282,637
Repurchase agreements collateralized by bonds	-	24,016	-
Bank acceptances	-	-	6,646
	<u>\$ 4,670,975</u>	<u>\$ 9,555,845</u>	<u>\$ 3,385,642</u>

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

	September 30, 2019	December 31, 2018	September 30, 2018
Bank deposits	0%-2.20%	0%-1.89%	0%-2.80%

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

	September 30, 2019	December 31, 2018	September 30, 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)	<u>\$ 3,972</u>	<u>\$ -</u>	<u>\$ 36</u>
<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)	<u>\$ 254,310</u>	<u>\$ 243,130</u>	<u>\$ 114,686</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts (a)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,250</u>
<u>Financial liabilities at FVTPL - non-current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Short call options (c)	<u>\$ 196,993</u>	<u>\$ 191,790</u>	<u>\$ 78,875</u>

- 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>September 30, 2019</u>				
Sell	Sell EUR/Buy USD	108.12.24	EUR 4,000/USD	4,438
Sell	Sell EUR/Buy USD	108.12.24	EUR 2,000/USD	2,225
Sell	Sell EUR/Buy USD	108.12.24	EUR 2,000/USD	2,218
Sell	Sell EUR/Buy USD	108.12.24	EUR 4,000/USD	4,434

(Continued)

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>September 30, 2018</u>			
Buy	Buy USD/Sell NTD	107.11.01	USD 6,000/NTD 182,724
Buy	Buy USD/Sell NTD	107.11.05	USD 2,000/NTD 60,920
Buy	Buy USD/Sell NTD	107.11.07	USD 3,000/NTD 91,695
Buy	Buy USD/Sell NTD	107.11.08	USD 7,000/NTD 213,241
Buy	Buy USD/Sell NTD	107.11.23	USD 1,000/NTD 30,575
Buy	Buy USD/Sell NTD	107.11.23	USD 4,000/NTD 122,008
Sell	Sell GBP/Buy USD	107.11.08	GBP 3,000/USD 3,914
Sell	Sell GBP/Buy USD	107.11.08	GBP 2,000/USD 2,609
Buy	Buy USD/Sell NTD	107.11.26	USD 6,000/NTD 182,922
Buy	Buy USD/Sell NTD	107.11.30	USD 4,000/NTD 121,948
Sell	Sell GBP/Buy USD	107.10.04	GBP 3,000/USD 3,909
Sell	Sell GBP/Buy USD	107.10.04	GBP 2,000/USD 2,607
Buy	Buy USD/Sell NTD	107.10.17	USD 1,000/NTD 30,720
Buy	Buy USD/Sell NTD	107.10.26	USD 6,000/NTD 184,050
Buy	Buy USD/Sell NTD	107.11.01	USD 2,000/NTD 61,220
Buy	Buy USD/Sell NTD	107.11.02	USD 2,000/NTD 60,880

(Concluded)

The Group entered into derivative transactions during the nine months ended September 30, 2019 and 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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Current</u>			
Domestic investments			
Domestic quoted shares			
CTCI Corporation (“CTCI”)	\$ 125,225	\$ 133,333	\$ -
<u>Non-current</u>			
Domestic investments			
Domestic quoted shares			
Sino-American Silicon Products Inc. (“SAS”)	\$ 1,796,923	\$ 1,337,855	\$ -
ThinTech Materials Technology Co., Ltd. (“TTMC”)	128,450	122,292	132,247
Unlisted ordinary shares			
EXOJET Technology Corporation (“EXOJET”)	27,718	45,962	59,085
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	-
Sunshine PV Corp. (“Sunshine PV”)	-	-	-
	<u>2,000,790</u>	<u>1,553,808</u>	<u>191,332</u>
Overseas investments			
Unlisted ordinary shares			
ASIA GLOBAL VENTURE CAPITAL II CO., LTD.	22,137	22,137	-
SUN APPENNINO CORPORATION	-	19,338	19,644
TG ENERGY SOLUTIONS LLC	-	615	611
FICUS CAPITAL CORPORATION	-	-	-
	<u>22,137</u>	<u>42,090</u>	<u>20,255</u>
	<u>\$ 2,022,927</u>	<u>\$ 1,595,898</u>	<u>\$ 211,587</u>

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 \$128,450 thousand, \$115,920 thousand and \$125,300 thousand as of September 30, 2019, December 31, 2018 and September 30, 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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Non-current</u>			
Overseas investment			
Puttable preference shares (C-Shares III) - Phanes Holding Inc. (Phanes Holding)	\$ 155,100	\$ 153,700	\$ 152,755
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 155,100</u>	<u>\$ 153,700</u>	<u>\$ 152,755</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 nine months ended September 30, 2019 and 2018, the interest income of puttable preference shares amounted to \$8,568 thousand and \$8,599 thousand. The related interest receivable, classified as other receivables from related parties, amounted to \$18,977 thousand, \$10,759 thousand and \$7,998 thousand as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.

As of September 30, 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

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Notes and accounts receivable</u>			
Notes and accounts receivable	\$ 3,457,796	\$ 3,202,497	\$ 2,108,767
Accounts receivable from related parties	675,278	554,452	449,675
Less: Allowance for impairment loss	<u>(594,229)</u>	<u>(622,654)</u>	<u>(592,473)</u>
	<u>\$ 3,538,845</u>	<u>\$ 3,134,295</u>	<u>\$ 1,965,969</u>
<u>Other receivables</u>			
Other receivables from related parties	\$ 719,794	\$ 1,103,134	\$ 1,279,770
Others	240,759	217,816	133,436
Less: Allowance for impairment loss	<u>(16,397)</u>	<u>(8,400)</u>	<u>-</u>
	<u>\$ 944,156</u>	<u>\$ 1,312,550</u>	<u>\$ 1,413,206</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) 15 to 150 days from the invoice date; and (c) 30 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 notes and 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.

September 30, 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%-0.22%	0%-4.09%	0%-4.10%	0%-11.53%	0%-19.89%	0%-27.55%	0%-26.35%	0%-100%	100%	
Gross carrying amount	\$ 2,706,817	\$ 202,834	\$ 49,950	\$ 11,710	\$ 119,404	\$ 12,615	\$ 1,517	\$ 444,747	\$ 583,480	\$ 4,133,074
Loss allowance (lifetime ECL)	(2,001)	(1,700)	(272)	(600)	-	-	-	(6,176)	(583,480)	(594,229)
Amortized cost	<u>\$ 2,704,816</u>	<u>\$ 201,134</u>	<u>\$ 49,678</u>	<u>\$ 11,110</u>	<u>\$ 119,404</u>	<u>\$ 12,615</u>	<u>\$ 1,517</u>	<u>\$ 438,571</u>	<u>\$ -</u>	<u>\$ 3,538,845</u>

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	<u>\$ 1,936,105</u>	<u>\$ 338,966</u>	<u>\$ 261,180</u>	<u>\$ 83,761</u>	<u>\$ 56,386</u>	<u>\$ 56,752</u>	<u>\$ 3,915</u>	<u>\$ 397,230</u>	<u>\$ -</u>	<u>\$ 3,134,295</u>

September 30, 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	\$ 1,486,503	\$ 70,253	\$ 197,388	\$ 31,421	\$ 82,834	\$ 99,942	\$ -	\$ -	\$ 590,101	\$ 2,558,442
Loss allowance (lifetime ECL)	(99)	(8)	(2,241)	-	(24)	-	-	-	(590,101)	(592,473)
Amortized cost	<u>\$ 1,486,404</u>	<u>\$ 70,245</u>	<u>\$ 195,147</u>	<u>\$ 31,421</u>	<u>\$ 82,810</u>	<u>\$ 99,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,965,969</u>

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

	<b>For the Nine Month Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 622,654	\$ 616,275
Impairment (reversal) losses	(18,153)	2,824
Amounts written off	(3,963)	(20,213)
Foreign exchange losses and gains	(6,309)	(6,413)
Balance at September 30	<u>\$ 594,229</u>	<u>\$ 592,473</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>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Up to 60 days	\$ 915,299	\$ 1,187,546	\$ 1,306,071
61-90 days	15,629	398	2
91-120 days	5,452	6,570	-
More than 120 days	<u>24,173</u>	<u>126,436</u>	<u>107,133</u>
Total	<u>\$ 960,553</u>	<u>\$ 1,320,950</u>	<u>\$ 1,413,206</u>

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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Up to 60 days	\$ 11,788	\$ 8,400	\$ -
91-120 days	<u>4,609</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,397</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>September 30, 2019</b>
Balance at January 1	\$ 8,400
Impairment losses	30,155
Amounts written off	(22,142)
Foreign exchange gains and losses	<u>(16)</u>
Balance at September 30	<u>\$ 16,397</u>

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

The analysis of other receivables - receivables and loans are as follows:

	<b>Collateral</b>	<b>Interest Rate</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Fixed rate NTD-denominated loan receivables at NTD200,000 thousand (1)	\$ -	1.608%	\$ -	\$ 200,000	\$ -
Fixed rate USD-denominated loan receivables at USD3,500 thousand (2)	-	5%	<u>-</u>	<u>107,590</u>	<u>106,929</u>
			<u>\$ -</u>	<u>\$ 307,590</u>	<u>\$ 106,929</u>

1) The impairment losses had been recognized, refer to Note 38.

2) The principal received in the second quarter of 2019.

## 11. FINANCE LEASE RECEIVABLES

	September 30, 2019	December 31, 2018 (Restated)	September 30, 2018 (Restated)
<u>Gross investment in leases</u>			
Not later than one year	\$ 3,031	\$ 3,206	\$ 2,601
Over one year to five years	12,742	15,712	11,900
Later than five years	<u>51,630</u>	<u>50,342</u>	<u>52,374</u>
	67,403	69,260	66,875
Less: Unearned finance income	<u>(30,932)</u>	<u>(32,543)</u>	<u>(30,647)</u>
Present value of minimum lease payments	<u>\$ 36,471</u>	<u>\$ 36,717</u>	<u>\$ 36,228</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 September 30, 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 September 30, 2019, December 31, 2018 and September 30, 2018 were neither past due nor impaired.

## 12. INVENTORIES

	September 30, 2019	December 31, 2018	September 30, 2018
Finished goods	\$ 2,310,078	\$ 1,220,727	\$ 583,790
Work in progress	70,895	10,174	37,457
Raw materials	635,927	684,287	425,519
Power facility construction in progress	<u>2,886,905</u>	<u>1,470,298</u>	<u>1,189,038</u>
	<u>\$ 5,903,805</u>	<u>\$ 3,385,486</u>	<u>\$ 2,235,804</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 September 30, 2019, the cost of sales related to inventories was \$4,671,144 thousand, which included (1) unallocated fixed manufacturing overheads of \$517,565 thousand; (2) income of \$2,168 thousand from the sale of scraps; (3) reversal of prepayments write-downs of \$56 thousand; (4) reversal of inventory write-downs of \$26,839 thousand; and (5) loss of \$3,789 thousand from the disposal of obsolete inventories.

For the three months ended September 30, 2018, the cost of sales related to inventories was \$2,858,102 thousand, which included (1) unallocated fixed manufacturing overheads of \$240,143 thousand; (2) income of \$49 thousand from the sale of scraps; (3) recognized inventory write-downs of \$53,489 thousand; and (4) loss of \$1,798 thousand from the disposal of obsolete inventories.

For the nine months ended September 30, 2019, the cost of sales related to inventories was \$14,742,312 thousand, which included (1) unallocated fixed manufacturing overheads of \$1,237,000 thousand; (2) income of \$4,432 thousand from the sale of scraps; (3) reversal of loss on purchase contracts of \$14,129 thousand; (4) recognized impairments of prepayments of \$15,895 thousand; (5) recognized inventory write-downs of \$109,485 thousand; and (6) loss of \$3,789 thousand from the disposal of obsolete inventories.

For the nine months ended September 30, 2018, the cost of sales related to inventories was \$8,838,916 thousand, which included (1) unallocated fixed manufacturing overheads of \$706,363 thousand; (2) income of \$2,742 thousand from the sale of scraps; (3) loss on purchase contracts of \$398,581 thousand; (4) reversal of impairment loss on prepayment \$78,844 thousand; (5) recognized inventory write-downs of \$79,381 thousand; and (6) loss of \$10,597 thousand from the disposal of obsolete inventories..

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

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

	September 30, 2019	December 31, 2018	September 30, 2018
Subsidiaries	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>973,236</u>

In the third quarter of 2018, the Group intended to dispose of its subsidiaries, and signed the share disposal agreement with non-related parties in the presence of a lawyer on October 29, 2018; The subsidiaries were reclassified as a disposal group held for sale, and were presented separately in the consolidated balance sheets. The Group assessed that there were no indications of impairment because the selling price was higher than the carrying amount.

The major categories of assets and liabilities of the subsidiaries classified as a disposal group held for sale were as follows:

	September 30, 2018
Cash	\$ 87,289
Inventory - Construction in Process	<u>885,947</u>
Total non-current assets classified as held for sale	<u>\$ 973,236</u>
Accrued expenses	\$ 991
Current portion of long-term borrowings	10,974
Advanced receipts from customers	78,618
Other long-term borrowings	<u>153,024</u>
Liabilities directly associated with non-current assets held for sale	<u>\$ 243,607</u>

## 14. SUBSIDIARIES

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

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2019	December 31, 2018	September 30, 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	99.49	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	-	3 and 4
	Zhongyang Corporation (“Zhongyang”)	Solar-related business	100.00	100.00	-	3
	Huiyang Corporation (“Huiyang”)	Solar-related business	100.00	100.00	-	3 and 4
	United Renewable Energy Engineering Co., Ltd. (“UREE”)	Solar-related business	100.00	-	-	10
	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 and 4
	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
	Dashianging Energy Power Ltd. Co. (“Dashianging”)	Solar and agriculture-related business	100.00	-	-	10
	Shinkai Energy Power Ltd. Co. (“Shinkai”)	Solar and agriculture-related business	100.00	-	-	10
	Shanshang Energy Power Ltd. Co. (“Shanshang”)	Solar and agriculture-related business	100.00	-	-	10
	Jiangung Energy Power Ltd. Co. (“Jiangung”)	Solar and agriculture-related business	100.00	-	-	10
	Dungshr Energy Power Ltd. Co. (“Dungshr”)	Solar and agriculture-related business	100.00	-	-	10
	Yanshan Energy Power Ltd. Co. (“Yanshan”)	Solar and agriculture-related business	100.00	-	-	10
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
			September 30, 2019	December 31, 2018	September 30, 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	-	-	-	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	-	-	-	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	100.00	1
	GES MEGAFIFTEEN, LLC ("MEGAFIFTEEN")	Solar-related business	-	-	-	4
	GES MEGASIXTEEN, LLC ("MEGASIXTEEN")	Solar-related business	100.00	100.00	100.00	5
	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
	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	-
	TEV II, LLC ("TEV II")	Investment company	50.00	50.00	-	7
	Heywood Solar PGS, LLC ("HEYWOOD")	Solar-related business	55.00	55.00	55.00	-
	MP Solar, LLC ("MP Solar")	Solar-related business	55.00	55.00	55.00	-
	Ventura Solar LLC ("Ventura")	Solar-related business	55.00	55.00	55.00	-
NSP NEVADA	Heywood Solar PGS, LLC ("HEYWOOD")	Solar-related business	45.00	45.00	45.00	-
	MP Solar, LLC ("MP Solar")	Solar-related business	45.00	45.00	45.00	-
	Ventura Solar, LLC ("Ventura")	Solar-related business	45.00	45.00	45.00	-
	Livermore Community Solar Farm, LLC ("Livermore")	Solar-related business	75.00	75.00	75.00	-
	GES MEGASEVEN, LLC ("MEGASEVEN")	Solar-related business	-	-	-	4
	GES MEGAELEVEN, LLC ("MEGAELEVEN")	Solar-related business	-	-	-	4
	GES MEGAFIFTEEN, LLC ("MEGAFIFTEEN")	Solar-related business	-	-	-	4
	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	-

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			September 30, 2019	December 31, 2018	September 30, 2018	
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	-
	GES Asset Three Waimea, LLC (“WAIMEA”)	Solar-related business	100.00	100.00	100.00	-
	GES Asset Three Honokawai, LLC (“HONOKAWAI”)	Solar-related business	100.00	100.00	100.00	-
	GES Asset Three Eleee, LLC (“ELEEE”)	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	-	8
AC GES Solar	Richmond 2 Solar Park, LLC (“Richmond”)	Solar-related business	100.00	100.00	-	8
	Rensselaer 2 Solar Park, LLC (“Rensselaer”)	Solar-related business	100.00	100.00	-	8
	Advance Solar Park, LLC (“Advance”)	Solar-related business	100.00	100.00	-	8
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	-	9
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	-

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark	
			September 30, 2019	December 31, 2018	September 30, 2018		
NSP System	Tienyang Green Power Ltd. Co. (“Tienyang”)	Solar-related business	100.00	-	-	11	
	Deyang Green Power Ltd. Co. (“Deyang”)	Solar-related business	100.00	-	-	11	
	Shanyang Green Power Ltd. Co. (“Shanyang”)	Solar-related business	100.00	-	-	11	
	Jeyang Green Power Ltd. Co. (“Jeyang”)	Solar-related business	100.00	-	-	11	
	Lianzhang Energy Power Ltd. Co. (“Lianzhang”)	Solar-related business	100.00	-	-	11	
	Lianxi Energy Power Ltd. Co. (“Lianxi”)	Solar-related business	100.00	-	-	11	
	Liancheng Energy Power Ltd. Co. (“Liancheng”)	Solar-related business	100.00	-	-	11	
UNITED RENEWABLE ENERGY ENGINEERING CO.	United Agriculture Ecology Ltd. Co. (“UAE”)	Solar and agriculture-related business	100.00	-	-	6	
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	-	
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	-	
DelSolar US	Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Solar-related business	11.36	11.36	11.36	-	
	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	-	
NSP Indygen	Beryl Construction LLC (“Beryl”)	Solar-related business	100.00	100.00	100.00	-	
	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 Bryncrynuau Ltd. (“Bryncrynuau”)	Solar-related business	-	-	-	1 and 4	
	GDL Upper Meadowley Ltd. (“Meadowley”)	Solar-related business	-	-	-	1 and 4	
CFGP (HK)	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	-	
	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	
	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 of the two merged corporations, Gintech Energy and Solartech Energy, on October 1, 2018. The Corporation increased the capital of Utech in May 2019 and increased its shareholding ratio on Utech from 98.30% to 99.49%.
- Note 4: Yong Han was disposed of in the first quarter of 2018. Yun Yeh was disposed of in the first quarter of 2018. MEGASEVEN, MEGAELEVEN and MEGAFIFTEEN were all disposed of in the second quarter of 2018. GES KYUSHU was disposed of in the fourth quarter of 2018. POTTERS BAR, CLAY CROSS, BELPER, Bryncrynuau and Meadowley were all disposed of in the fourth quarter of 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. Solartech JP was disposed of in the second quarter of 2019. Huiyong and Ever Lite were all disposed of in the third quarter of 2019.
- Note 5: 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 6: UREE had invested capital in UAE in July 2019; UAE became 100%-owned subsidiaries of UREE.
- Note 7: 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 8: TEV II acquired 100% of the shares of TEV Solar. TEV Solar and non-related party, Advantage Capital Solar Partners II, LLC (“ACS”) established AC GES Solar. TEV Solar acquired 66.19% of the shares of AC GES Solar which is the 100% owner of three LLC solar power facilities engaged in solar-related business.
- Note 9: DelSolar Cayman had injected capital in URE NSP in November 2018, URE NSP became a 100%-owned subsidiary of DelSolar Cayman.
- Note 10: UREE was incorporated in January 2019; the Corporation owns 100% of UREE’s outstanding ordinary shares; Dashiangying, Shinkai, Shanshang, Jianguang, Dungshr and Yanshan were incorporated in July 2019; the Corporation owns 100% of abovementioned companies’ outstanding ordinary shares.
- Note 11: NSP System had invested capital in Tienyang, Deyang, Shanyang and Jeyang in January 2019 and had invested capital in Lianzhang, Lianxi, Liangcheng in June 2019, the abovementioned companies became 100%-owned subsidiaries of NSP System.
- Note 12: 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 September 30, 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>September 30, 2018</b>
GES AC	America	32.41
CFGF	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 September 30, 2018 (Restated)</b>	<b>For the Nine Months Ended September 30, 2018 (Restated)</b>	
GES AC	\$ 5,204	\$ 12,721	\$ 461,436
CFGF	(2,440)	(6,555)	57,447
Others	<u>(32,891)</u>	<u>(14,899)</u>	<u>3,507</u>
Total	<u>\$ (30,127)</u>	<u>\$ (8,733)</u>	<u>\$ 522,390</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>September 30, 2018</b>
Current assets	\$ 1,135,834
Non-current assets	-
Current liabilities	(27,026)
Non-current liabilities	<u>(20,493)</u>
Equity	<u>\$ 1,088,315</u>
Equity attributable to:	
Owners of GES AC	\$ 626,879
Non-controlling interests of GES AC	<u>461,436</u>
	<u>\$ 1,088,315</u>

	<b>For the Three Months Ended September 30, 2018</b>	<b>For the Nine Months Ended September 30, 2018</b>
Revenue	\$ _____ -	\$ _____ -
Profit for the period	\$ 5,119	\$ 12,711
Other comprehensive income for the period	_____ -	_____ -
Total comprehensive income for the period	<u>\$ 5,119</u>	<u>\$ 12,711</u>
Profit attributable to:		
Owners of GES AC	\$ (85)	\$ (10)
Non-controlling interests of GES AC	<u>5,204</u>	<u>12,721</u>
	<u>\$ 5,119</u>	<u>\$ 12,711</u>
Total comprehensive profit attributable to:		
Owners of GES AC	\$ (85)	\$ (10)
Non-controlling interests of GES AC	<u>5,204</u>	<u>12,721</u>
	<u>\$ 5,119</u>	<u>\$ 12,711</u>
Net cash (outflow) inflow from:		
Operating activities	\$ (12,545)	\$ (853,852)
Finance activities	<u>14,149</u>	<u>863,466</u>
Net cash inflow	<u>\$ 1,604</u>	<u>\$ 9,614</u>
<u>CFGP and CFGP's subsidiaries</u>		
		<b>September 30, 2018</b>
Current assets		\$ 26,899
Non-current assets		149,263
Current liabilities		<u>(1,372)</u>
Equity		<u>\$ 174,790</u>
Equity attributable to:		
Owners of CFGP		\$ 117,343
Non-controlling interests of CFGP		<u>57,447</u>
		<u>\$ 174,790</u>

	<b>For the Three Months Ended September 30, 2018</b>	<b>For the Nine Months Ended September 30, 2018</b>
Revenue	\$ _____ -	\$ _____ -
Loss for the period	\$ (6,099)	\$ (16,388)
Other comprehensive loss for the period	_____ -	_____ -
Total comprehensive loss for the period	<u>\$ (6,099)</u>	<u>\$ (16,388)</u>
Loss attributable to:		
Owners of CFGP	\$ (3,659)	\$ (9,833)
Non-controlling interests of CFGP	<u>(2,440)</u>	<u>(6,555)</u>
	<u>\$ (6,099)</u>	<u>\$ (16,388)</u>
Total comprehensive loss attributable to:		
Owners of CFGP	\$ (3,659)	\$ (9,833)
Non-controlling interests of CFGP	<u>(2,440)</u>	<u>(6,555)</u>
	<u>\$ (6,099)</u>	<u>\$ (16,388)</u>
Net cash (outflow) inflow from:		
Operating activities	\$ (2,746)	\$ (7,715)
Investing activities	<u>2,600</u>	<u>-</u>
Net cash (outflow) inflow	<u>\$ (146)</u>	<u>\$ (7,715)</u>

## 15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<b>September 30, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>September 30, 2018 (Restated)</b>
Investments in associates	\$ 2,261,288	\$ 2,304,082	\$ 1,923,946
Investments in joint ventures	<u>3,730</u>	<u>67,174</u>	<u>66,714</u>
	<u>\$ 2,265,018</u>	<u>\$ 2,371,256</u>	<u>\$ 1,990,660</u>

### a. Investments in associates

	<b>September 30, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>September 30, 2018 (Restated)</b>
Material associates			
Clean Focus Yield Limited (“CFY”)	\$ -	\$ -	\$ 1,227,789
Neo Cathay Power Corp. (“Neo Cathay”)	<u>-</u>	<u>-</u>	<u>581,996</u>
	<u>-</u>	<u>-</u>	<u>1,809,785</u>

(Continued)

	<b>September 30, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>September 30, 2018 (Restated)</b>
Associates that are not individually material			
CFY	\$ 1,374,996	\$ 1,295,281	\$ -
Neo Cathay	593,573	598,352	-
TS Solartech Sdn Bhd (“TSST”)	175,676	254,093	-
V5 Technology	73,896	69,860	72,996
MEGATHREE	38,717	34,539	33,368
JNV Solar Power Co., Ltd. (“JSP”)	4,430	7,533	7,797
Gintung Energy Corp. (“Gintung”)	-	44,424	-
Sunshine PV Corp. (“Sunshine PV”)	-	-	-
Solar PV Corp (“Solar PV”)	-	-	-
	<u>2,261,288</u>	<u>2,304,082</u>	<u>114,161</u>
	<u>\$ 2,261,288</u>	<u>\$ 2,304,082</u>	<u>\$ 1,923,946</u> (Concluded)

1) Material associates

As of September 30, 2019 and December 31, 2018, there were no significant associates after assessment.

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>September 30, 2018</b>
CFY	28.67%
Neo Cathay	40.00%

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>September 30, 2018</b>
Current assets	\$ 1,657,287
Non-current assets	14,187,304
Current liabilities	(4,316,206)
Non-current liabilities	<u>(5,135,577)</u>
Equity	6,392,808
Non-controlling interests	(3,360,848)
Unrecognized changes in equity of profit and loss and non-other comprehensive income	<u>(18,587)</u>
	<u>\$ 3,013,373</u> (Continued)

	<b>September 30, 2018</b>
Proportion of the Corporation's ownership	28.67%
Equity attributable to the Corporation	\$ 863,934
Unrealized loss with associates	(13,004)
Goodwill	403,062
Other adjustments	<u>(26,203)</u>
Investment carrying amount	<u>\$ 1,227,789</u> (Concluded)

	<b>For the Three Months Ended September 30, 2018</b>	<b>For the Nine Months Ended September 30, 2018</b>
Operating revenue	<u>\$ 1,203,164</u>	<u>\$ 3,010,927</u>
Profit from operations	<u>\$ 85,590</u>	<u>\$ 551,433</u>
Net income for the period	<u>\$ 20,375</u>	<u>\$ 139,041</u>
Other comprehensive income (loss)	<u>\$ (979)</u>	<u>\$ 2,855</u>
Total comprehensive income (loss) for the period	<u>\$ 19,396</u>	<u>\$ 141,896</u>

Neo Cathay

	<b>September 30, 2018</b>
Current assets	\$ 207,075
Non-current assets	1,320,625
Current liabilities	<u>(4,960)</u>
Equity	<u>\$ 1,522,740</u>
Proportion of the Corporation's ownership	40.00%
Equity attributable to the Corporation	\$ 609,096
Unrealized loss with associates	<u>(27,100)</u>
Investment carrying amount	<u>\$ 581,996</u>

	<b>For the Three Months Ended September 30, 2018</b>	<b>For the Nine Months Ended September 30, 2018</b>
Operating revenue	<u>\$ -</u>	<u>\$ -</u>
Profit from operations	<u>\$ -</u>	<u>\$ -</u>
Net income (loss) for the period	<u>\$ 18,541</u>	<u>\$ 30,820</u>
Other comprehensive income (loss)	<u>\$ -</u>	<u>\$ -</u>
Total comprehensive income (loss) for the period	<u>\$ 18,541</u>	<u>\$ 30,820</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	September 30, 2019	December 31, 2018	September 30, 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 (a and b)	-	19.47%	-
Solar PV (a)	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.
- b) The Corporation resigned from the Sunshine PV's board of directors in May 2019. Therefore, it has no significant influence on the Company. It is reclassified to FVOCI financial asset - noncurrent; Sunshine PV was dissolved in August 2019.

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

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
The Group's share of:				
Net loss for the period	\$ (31,011)	\$ (470)	\$ (26,813)	\$ (139)
Other comprehensive (loss) gain for the period	<u>(4,022)</u>	<u>-</u>	<u>687</u>	<u>-</u>
Total comprehensive gain for the period	<u>\$ (35,033)</u>	<u>\$ (470)</u>	<u>\$ (26,126)</u>	<u>\$ (139)</u>

The Group recognized impairment loss of equity investment of Solar PV, an associate of the Group; therefore, the Group did not recognize any share of profit or loss of associates. However, based on the shareholding ratio, as of September 30, 2019, the recognized share of equity of associates attributable to the Group was \$739 thousand.

b. Investments in joint ventures

	<b>September 30, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>September 30, 2018 (Restated)</b>
Joint ventures that are not individually material			
NSP ET CAP MN HOLDINGS LLC (“JV2”)	\$ -	\$ 63,088	\$ 63,040
CF MN DevCo One LLC (“DevCo One”)	1,865	2,043	1,837
CF MN DevCo Two LLC (“DevCo Two”)	<u>1,865</u>	<u>2,043</u>	<u>1,837</u>
	<u>\$ 3,730</u>	<u>\$ 67,174</u>	<u>\$ 66,714</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:

<b>Name of Company</b>	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
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 September 30, 2019, the Group held a 67% equity interest in JV2 and two of three seats of JV2’s board of directors. Based on the contractual arrangement between DelSolar US and ET Capital Solar Partners (USA), Inc., any material management decisions of JV2 shall be approved by the full board of directors. Therefore, DelSolar US concluded that it does not have control over JV2. In addition, as specified in the contractual arrangement, both DelSolar US and ET Capital Solar Partners (USA), Inc. have an equal percentage of profit distribution. After assessing JV2’s operating status with accounts receivable that cannot be recovered, the Group had recognized impairment loss of investment of JV2 in the third quarter of 2019.

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

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
The Group’s share of:				
Net loss for the period	\$ (62,338)	\$ (12)	\$ (63,748)	\$ (63)
Other comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>\$ (62,338)</u>	<u>\$ (12)</u>	<u>\$ (63,748)</u>	<u>\$ (63)</u>

The information of the main business, principal operating place and registry country of the above associates is shown in Table 7 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 September 30, 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

	<b>September 30, 2019</b>
Assets used by the Group	\$ 21,383,617
Assets leased under operating leases	<u>119,697</u>
	<u><b>\$ 21,503,314</b></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 September 30, 2019
<u>Cost</u>									
Land	\$ 1,537,278	\$ -	\$ 1,537,278	\$ -	\$ -	\$ -	\$ -	\$ 5,511	\$ 1,542,789
Buildings	8,154,114	-	8,154,114	-	-	-	-	25,574	8,179,688
Machinery and equipment	20,796,538	-	20,796,538	53,869	(45,017)	-	583,394	28,516	21,417,300
Rental assets	254,314	-	254,314	-	-	(254,314)	-	-	-
Research and development equipment	69,566	-	69,566	340	(8,618)	-	8,967	-	70,255
Office equipment	55,984	-	55,984	1,332	(2,196)	-	1,620	380	57,020
Leasehold improvements	735,412	-	735,412	4,334	(4,792)	-	-	(375)	734,579
Transportation equipment	1,088	-	1,088	231	(231)	-	-	-	1,088
Miscellaneous equipment	557,058	5,900,086	6,457,144	165,326	(1,057,153)	-	2,300	380,404	5,948,021
Property under acceptance or construction	<u>2,964,542</u>	<u>-</u>	<u>2,964,542</u>	<u>476,908</u>	<u>(83,540)</u>	<u>-</u>	<u>(1,946,170)</u>	<u>(188,923)</u>	<u>1,222,817</u>
	<u>\$ 35,125,894</u>	<u>\$ 5,900,086</u>	<u>\$ 41,025,980</u>	<u>\$ 702,240</u>	<u>\$ (1,201,547)</u>	<u>\$ (254,314)</u>	<u>\$ (1,349,889)</u>	<u>\$ 251,087</u>	<u>\$ 39,173,557</u>
<u>Accumulated depreciation</u>									
Buildings	1,175,351	\$ -	1,175,351	\$ 283,615	\$ -	\$ -	\$ -	\$ 566	1,459,532
Machinery and equipment	12,614,711	-	12,614,711	1,899,136	(27,664)	-	-	(18,717)	14,467,466
Rental assets	119,488	-	119,488	-	-	(119,488)	-	-	-
Research and development equipment	60,525	-	60,525	2,155	(6,432)	-	-	-	56,248
Office equipment	29,157	-	29,157	10,004	(1,748)	-	-	88	37,501
Leasehold improvements	25,684	-	25,684	42,044	(3,999)	-	-	(95)	63,634
Transportation equipment	86	-	86	430	(7)	-	-	-	509
Miscellaneous equipment	<u>329,315</u>	<u>737,108</u>	<u>1,066,423</u>	<u>327,492</u>	<u>(401,318)</u>	<u>-</u>	<u>-</u>	<u>(2,594)</u>	<u>990,003</u>
	<u>\$ 14,354,317</u>	<u>\$ 737,108</u>	<u>\$ 15,091,425</u>	<u>\$ 2,564,876</u>	<u>\$ (441,168)</u>	<u>\$ (119,488)</u>	<u>\$ -</u>	<u>\$ (20,752)</u>	<u>\$ 17,074,893</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>
	<u>\$20,056,530</u>	<u>\$ -</u>	<u>\$25,219,508</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$21,383,617</u>

### 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 September 30, 2019
<u>Cost</u>									
Miscellaneous equipment	\$ -	\$ -	\$ -	\$ 254,314	\$ -	\$ -	\$ -	\$ 1,876	\$ 256,190
<u>Accumulated depreciation</u>									
Miscellaneous equipment	-	-	-	\$ 119,488	\$ 15,610	\$ -	\$ -	\$ 1,395	136,493
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,488</u>	<u>\$ 15,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,395</u>	<u>\$ 119,697</u>

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 September 30, 2019
<b>Cost</b>								
Land	\$ 460,731	\$ -	\$ 460,731	\$ -	\$ -	\$ -	\$ 474	\$ 461,205
Buildings	2,758,988	-	2,758,988	-	-	-	-	2,758,988
Machinery and equipment	16,097,214	-	16,097,214	56,869	(2,000)	86,908	(33,417)	16,205,574
Research and development equipment	62,857	-	62,857	-	-	450	-	63,307
Office equipment	28,912	-	28,912	2,643	-	285	(33)	31,807
Rental assets	164,118	-	164,118	82,031	-	-	6,382	252,531
Leasehold improvements	20,903	-	20,903	516	-	1,267	(297)	22,389
Miscellaneous equipment	335,425	4,210,844	4,546,269	809	(398)	4,141	(512)	4,550,309
Property under acceptance or construction	4,022,221	-	4,022,221	843,034	(773,311)	(95,758)	83,371	4,079,557
	<u>23,951,369</u>	<u>\$ 4,210,844</u>	<u>28,162,213</u>	<u>\$ 985,902</u>	<u>\$ (775,709)</u>	<u>\$ (2,707)</u>	<u>\$ 55,968</u>	<u>28,425,667</u>
<b>Accumulated depreciation</b>								
Buildings	984,078	\$ -	984,078	\$ 99,171	\$ -	\$ -	\$ -	1,083,249
Machinery and equipment	10,883,597	-	10,883,597	1,303,077	(2,000)	-	(17,238)	12,167,436
Research and development equipment	53,354	-	53,354	6,231	-	-	-	59,585
Office equipment	24,817	-	24,817	1,320	-	-	(43)	26,094
Rental assets	94,980	-	94,980	16,754	-	-	3,425	115,159
Leasehold improvements	10,306	-	10,306	1,282	-	-	(60)	11,528
Miscellaneous equipment	280,240	486,056	766,296	22,341	(398)	-	(434)	787,805
	<u>12,331,372</u>	<u>\$ 486,056</u>	<u>12,817,428</u>	<u>\$ 1,450,176</u>	<u>\$ (2,398)</u>	<u>\$ -</u>	<u>\$ (14,350)</u>	<u>14,250,805</u>
<b>Accumulated impairment</b>								
Machinery and equipment	457,098	\$ -	457,098	\$ -	\$ -	\$ -	\$ -	457,098
Property under acceptance or construction	-	-	-	255,909	-	-	-	255,909
	<u>457,098</u>	<u>\$ -</u>	<u>457,098</u>	<u>\$ 255,909</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>713,007</u>
	<u>\$ 11,167,899</u>		<u>\$ 14,887,687</u>					<u>\$ 13,461,804</u>

There was no indication of impairment for the three months ended September 30, 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 nine months ended September 30, 2019, the deductions were amounts transferred from the disposal of property, plant and equipment of \$20,422 thousand, disposal of power facilities of \$20,715 thousand and disposal of subsidiaries of \$719,242 thousand.

For the nine months ended September 30, 2019, there were reclassifications from inventory of \$20,715 thousand, from equipment for inspection of \$3,414 thousand to miscellaneous purchases and from construction in progress and for inspection of \$1,367,190 thousand to inventory.

For the nine months ended September 30, 2018, the deductions were amounts transferred from the disposal subsidiaries of \$773,311 thousand.

For the nine months ended September 30, 2018, there were reclassifications from property under acceptance of \$2,707 thousand to miscellaneous equipment.

## 17. LEASE ARRANGEMENTS

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

	<b>September 30, 2019</b>	
<u>Carrying amounts</u>		
Land		\$ 758,127
Buildings		214,289
Machinery and equipment		42,583
Miscellaneous equipment		<u>18,936</u>
		<u>\$ 1,033,935</u>
	<b>For the Three Months Ended September 30, 2019</b>	<b>For the Nine Months Ended September 30, 2019</b>
Additions to right-of-use assets	<u>\$ 52</u>	<u>\$ 38,194</u>
Depreciation charge for right-of-use assets		
Land	\$ 10,987	\$ 32,951
Buildings	9,945	30,386
Machinery and equipment	1,511	4,526
Miscellaneous equipment	<u>1,652</u>	<u>5,142</u>
	<u>\$ 24,095</u>	<u>\$ 73,005</u>

### b. Lease liabilities - 2019

	<b>September 30, 2019</b>
<u>Carrying amounts</u>	
Current	<u>\$ 28,935</u>
Non-current	<u>\$ 1,032,181</u>

Range of discount rate for lease liabilities was as follows:

	<b>September 30, 2019</b>
Land	1.50%-3.37%
Buildings	1.00%-5.25%
Machinery and equipment	1.00%-2.83%
Miscellaneous equipment	2.07%-4.22%

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 September 30, 2019</b>	<b>For the Nine Months Ended September 30, 2019</b>
Expenses relating to short-term leases	<u>\$ 390</u>	<u>\$ 4,225</u>
Expenses relating to low-value asset leases	<u>\$ 7,656</u>	<u>\$ 17,051</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 535</u>	<u>\$ 3,226</u>
Total cash outflow for leases	<u>\$ (29,807)</u>	<u>\$ (95,322)</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>September 30, 2018</b>
Not later than 1 year	\$ 57,271	\$ 69,338
Later than 1 year and not later than 5 years	277,023	275,522
Later than 5 years	<u>660,669</u>	<u>557,163</u>
	<u>\$ 994,963</u>	<u>\$ 902,023</u>

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

	<b>For the Three Months Ended September 30, 2018</b>	<b>For the Nine Months Ended September 30, 2018</b>
Minimum lease payments	<u>\$ 18,856</u>	<u>\$ 55,818</u>

## 18. INTANGIBLE ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Carrying amounts of each class</u>			
Contracts with consultants	\$ 128,942	\$ 135,606	\$ 137,365
Contracts with customers	109,027	37,365	104,823
Goodwill	12,078	11,969	11,896
Software	1,870	2,836	-
Patents	1,088	1,202	-
Brands	-	-	-
Others	<u>9,829</u>	<u>13,984</u>	<u>1,503</u>
	<u>\$ 262,834</u>	<u>\$ 202,962</u>	<u>\$ 255,587</u>

For the Nine Months Ended September 30, 2018								
	Contracts with Consultants	Contracts with Customers	Goodwill	Software	Patents	Brands	Others	Total
Cost								
Balance at January 1	\$ 153,628	\$ 106,901	\$ 11,622	\$ -	\$ -	\$ 44,301	\$ 1,468	\$ 317,920
Translation adjustments	3,618	2,182	274	-	-	-	35	6,109
Balance at September 30	<u>157,246</u>	<u>109,083</u>	<u>11,896</u>	<u>-</u>	<u>-</u>	<u>44,301</u>	<u>1,503</u>	<u>324,029</u>
Accumulated amortization								
Balance at January 1	11,823	446	-	-	-	44,301	-	56,570
Amortization	7,623	3,872	-	-	-	-	-	11,495
Translation adjustments	435	(58)	-	-	-	-	-	377
Balance at September 30	<u>19,881</u>	<u>4,260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,301</u>	<u>-</u>	<u>68,442</u>
	<u>\$ 137,365</u>	<u>\$ 104,823</u>	<u>\$ 11,896</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,503</u>	<u>\$ 255,587</u>

For the Nine Months Ended September 30, 2019								
	Contracts with Consultants	Contracts with Customers	Goodwill	Software	Patents	Brands	Others	Total
Cost								
Balance at January 1	\$ 158,219	\$ 39,952	\$ 11,969	\$ 3,158	\$ 1,250	\$ 44,301	\$ 15,468	\$ 274,317
Additions	-	-	-	-	34	-	-	34
Reclassified	-	74,232	-	-	-	-	-	74,232
Translation adjustments	1,441	1,218	109	-	-	-	362	3,130
Balance at September 30	<u>159,660</u>	<u>115,402</u>	<u>12,078</u>	<u>3,158</u>	<u>1,284</u>	<u>44,301</u>	<u>15,830</u>	<u>351,713</u>
Accumulated amortization								
Balance at January 1	22,613	2,587	-	322	48	44,301	1,484	71,355
Amortization	7,909	3,778	-	966	148	-	4,467	17,268
Translation adjustments	196	10	-	-	-	-	50	256
Balance at September 30	<u>30,718</u>	<u>6,375</u>	<u>-</u>	<u>1,288</u>	<u>196</u>	<u>44,301</u>	<u>6,001</u>	<u>88,879</u>
	<u>\$ 128,942</u>	<u>\$ 109,027</u>	<u>\$ 12,078</u>	<u>\$ 1,870</u>	<u>\$ 1,088</u>	<u>\$ -</u>	<u>\$ 9,829</u>	<u>\$ 262,834</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 nine 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

	September 30, 2019	December 31, 2018	September 30, 2018
Current assets	\$ 3,045	\$ 4,748	\$ 3,460
Non-current assets	<u>-</u>	<u>19,469</u>	<u>19,553</u>
	<u>\$ 3,045</u>	<u>\$ 24,217</u>	<u>\$ 23,013</u>

From 2019, the prepayments for lease of the Group are short-term leases, and are exempted from IFRS 16.

Prepayments for leases, which mainly included land use rights paid for power facility construction in the United States, are amortized on a straight-line basis over 30 years. As of September 30, 2019, December 31, 2018 and September 30, 2018, such land use rights amounted to \$0 thousand, \$19,469 thousand and \$19,553 thousand, respectively. The Group had obtained the certificates of land use rights.

## 20. PREPAYMENTS AND OTHER ASSETS

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Prepayments</u>			
Payments in advance	\$ 2,414,862	\$ 2,286,892	\$ 810,034
Prepayments for equipment	57,662	311,706	304,496
Others	<u>871,206</u>	<u>547,164</u>	<u>150,208</u>
	<u>\$ 3,343,730</u>	<u>\$ 3,145,762</u>	<u>\$ 1,264,738</u>
<u>Other assets</u>			
Restricted assets	\$ 4,436,105	\$ 3,701,289	\$ 3,285,056
Pledged time deposits	309,109	595,018	510,309
Others	<u>838,499</u>	<u>884,390</u>	<u>409,137</u>
	<u>\$ 5,583,713</u>	<u>\$ 5,180,697</u>	<u>\$ 4,204,502</u>
<u>Prepayments</u>			
Current	\$ 1,136,807	\$ 638,326	\$ 205,760
Non-current	<u>2,206,923</u>	<u>2,507,436</u>	<u>1,058,978</u>
	<u>\$ 3,343,730</u>	<u>\$ 3,145,762</u>	<u>\$ 1,264,738</u>
<u>Other assets</u>			
Current	\$ 5,179,575	\$ 4,981,243	\$ 1,429,926
Non-current	<u>404,138</u>	<u>199,454</u>	<u>2,774,576</u>
	<u>\$ 5,583,713</u>	<u>\$ 5,180,697</u>	<u>\$ 4,204,502</u>

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

## 21. LOANS

### a. Short-term borrowings

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Secured borrowings</u>			
Bank loans	\$ 249,632	\$ 270,000	\$ 205,715
Non-financial loans	<u>-</u>	<u>41,808</u>	<u>8,477</u>
	249,632	311,808	214,192
<u>Unsecured borrowings</u>			
Line of credit borrowings	3,716,787	6,557,820	7,034,032
Letter of credit borrowings	<u>-</u>	<u>-</u>	<u>35,237</u>
	<u>\$ 3,966,419</u>	<u>\$ 6,869,628</u>	<u>\$ 7,283,461</u>

- 1) The range of weighted average effective interest rates on bank loans was 1.5404%-6.2718%, 0.8800%-4.0698% and 0.8800%-6.5000% per annum as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.
- 2) The secured non-financial loans were the refundable deposits that were pledged as collateral for loans to Co-operative Assets Management Co., Ltd. and Robina Finance & Leasing Corp. The borrowing rate were 4.1096%-6.5000% and 3.7500% as of December 31, 2018 and September 30, 2018, respectively.
- 3) The unused amounts of short-term bank loan facilities were 2,253,480 thousand, 5,227,083 thousand and 1,673,037 thousand, as of September 30, 2019, December 31, 2018 and September 30, 2018, respectively.
- 4) The assets pledged as collaterals for short-term bank loans are shown in Note 37.

### b. Short-term bills payable

	September 30, 2019	December 31, 2018	September 30, 2018
Commercial papers	\$ 396,900	\$ 276,600	\$ 646,100
Less: Unamortized discount on bills payable	<u>(564)</u>	<u>(164)</u>	<u>(214)</u>
	<u>\$ 396,336</u>	<u>\$ 276,436</u>	<u>\$ 645,886</u>

Outstanding short-term bills payable were as follows:

September 30, 2019

<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	\$ 354,400	\$ 371	\$ 354,029	0.750%
International Bills Finance Corporation	42,500	193	42,307	2.438%

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%

September 30, 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	\$ 106,500	\$ 90	\$ 106,410	2.488%
International Bills Finance Corporation	289,600	26	289,574	0.600%
Taiwan Cooperative Bills Finance Corporation	50,000	20	49,980	2.200%
Taiwan Cooperative Bills Finance Corporation	200,000	78	199,922	0.972%

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

c. Long-term bank loans

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Secured loan</u>			
10.13 billion syndicated loan from First Bank	\$ 8,864,599	\$ -	\$ -
4.5 billion syndicated loan from First Bank (1)	2,339,560	2,369,560	-
FMO & DEG Bank	1,121,001	1,149,430	1,147,007
Cathy Bank	289,307	796,164	687,874
KGI Bank loan	250,000	250,000	-
CTBC Bank loan (1)	162,640	412,458	-
Mega Bank	108,727	95,110	95,110
Taiwan Cooperative Bank loan (1)	101,600	210,022	-
Bank SinoPac	96,766	-	-
Yuanta Bank	67,448	72,191	73,772
Land Bank of Taiwan	67,047	-	-
Far Eastern Bank	66,834	68,535	69,101
Union Bank of Taiwan loan (1)	-	11,660	-
3.6 billion syndicated loan from Mega Bank (1)	-	2,832,000	-
4.2 billion syndicated loan from First Bank (1)	-	2,570,000	-
3.3 billion syndicated loan from Taiwan Cooperative Bank	-	1,327,550	1,770,000
0.55 billion syndicated loan from First Bank (1)	-	178,750	-
<u>Unsecured loan</u>			
King's Town Bank	980,000	1,210,000	1,260,000
0.5 billion syndicated loan from First Bank (1)	225,000	337,500	-
The Shanghai Commercial & Savings Bank (1)	105,462	107,407	-
First Bank loan (1)	23,448	23,515	-
Cota Commercial Bank loan (1)	4,163	16,664	-
<u>Other borrowings</u>			
IMPA (2)	637,476	554,631	297,993
Machinery and equipment Financing from EQUVO Pte., Ltd.	531,939	672,941	718,392
Chailease International Financial Services. Co., Ltd.	172,471	81,384	106,684
Inventory Financing from SinoPac Leasing Corporation	94,639	-	-
Inventory Financing from Hotai Finance Co., Ltd.	55,523	77,344	88,610
Inventory Financing from Shinshin Credit Corporation	50,350	-	-

(Continued)

	September 30, 2019	December 31, 2018	September 30, 2018
Inventory Financing from Taichung Bank Leasing Co., Ltd	\$ 34,117	\$ 71,555	\$ 83,817
ROBINA VENTURES INCORPORATION	26,305	102,949	127,886
Credit loan from IBT Leasing Co., Ltd.	22,472	59,714	60,160
Credit loan from JihSun International Leasing & Finance Co., Ltd.	5,804	23,799	30,067
Credit loan from Taichung Bank Leasing Co., Ltd.	4,341	23,477	29,713
Credit loan from Co-operative Assets Management Co., Ltd.	4,245	-	-
Inventory Financing from JihSun International Leasing & Finance Co., Ltd.	-	90,370	123,642
Inventory Financing from IBT Leasing Co., Ltd.	-	7,327	34,230
Inventory Financing from Robina Finance & Leasing Corp.	-	-	38,028
	<u>16,513,284</u>	<u>15,804,007</u>	<u>6,842,086</u>
Less: Current portion	<u>(5,084,125)</u>	<u>(6,275,497)</u>	<u>(1,981,324)</u>
	<u>\$ 11,429,159</u>	<u>\$ 9,528,510</u>	<u>\$ 4,860,762</u>
The range of interest rate	1.4896%- 7.8200%	1.6894%- 7.8200%	1.6200%- 7.8200% (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 September 30, 2019, December 31, 2018 and September 30, 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.

The above short-term borrowings had been settled in the first quarter of 2019.

#### 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.

According to the agreement, the above financial ratios would have been reviewed based on the annual consolidated financial statements from 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. Because Utech did not meet the syndicated loan requirement, as a result, Utech breached the agreement. As of September 30, 2019, Utech has applied to the Ministry of Economic Affairs for debt negotiation.

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 [(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 \$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.

As of September 30, 2019, the Corporation did not meet the required debt to equity ratio and interest coverage ratio. Therefore, such contract will not constitute a breach of the agreement during the improvement period, from September 30, 2019 to December 31, 2019. Additional interest should be accrued during the improvement period.

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 [(income before tax + depreciation + amortization + interest expense) ÷ 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 (roughly 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 ÷ current liabilities): At least 100%; and
- b) Debt to equity ratio (total liabilities ÷ tangible net worth): No more than 300%.

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

Under the long-term loan agreement with Far Eastern International Bank, the Group is a guarantor for Yong Liang; 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 ÷ 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 Mega Bank \$3.6 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%; 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 \$3.3 billion 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.

During the credit period, the agreement on the First Bank \$0.5 billion syndicated loans requires the maintenance of certain financial ratios based on the Corporation's annual and semiannual consolidated financial statement:

- a) Current ratio (current assets ÷ current liabilities): At least 100%;
- b) Debt to equity ratio (total liabilities and guarantee balance ÷ tangible net worth): No more than 150%;
- c) Interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ interest expense]: At least 2; and
- d) Tangible net worth: At least \$25 billion.

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 \$1,232,760 thousand, \$901,905 thousand and \$47,220 thousand as of September 30, 2019, December 31, 2018 and September 30, 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 September 30, 2019, December 31, 2018 and September 30, 2018, the sum of all outstanding installments were \$277,705 thousand, \$342,353 thousand and \$1,352,460 thousand, including interest amounting to \$6,214 thousand, \$7,439 thousand and \$116,647 thousand, respectively.
- d. Preference share liabilities

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Class A preference shares	\$ 49,709	\$ 60,964	\$ 29,223
Less: Current portion	<u>(16,632)</u>	<u>(16,481)</u>	<u>(8,730)</u>
	<u>\$ 33,077</u>	<u>\$ 44,483</u>	<u>\$ 20,493</u>

1) Class A preference shares

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

- a) MEGASIXTEEN, a US subsidiary of GES, entered into a contract with MPC, a non-controlling interest, to setup a startup company, GES AC, in order to carry out the solar energy business and activities through its five limited liability companies; all of those limited liability companies entered into a 25-year sales contract with IMPA for the sale of electricity. As of December 31, 2018 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 nine month ended September 30, 2019 and 2018, the Group paid preference share dividends of US\$45 thousand (roughly NT\$1,399 thousand) and of US\$24 thousand (roughly NT\$711 thousand), respectively, which was classified under "Finance costs - Puttable preference shares"; for the nine month ended September 30, 2019 and 2018, the Group paid the agreed amount in the form of cash dividends and a fixed asset management fee of US\$238 thousand (roughly NT\$7,385 thousand) and of US\$238 thousand (roughly NT\$7,273 thousand) as repayments of Class A preference shares. Cash dividends of US\$79 thousand (roughly NT\$2,462 thousand) and of US\$83 thousand (roughly NT\$2,539 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\$14,027 thousand (roughly NT\$435,118 thousand) and US\$13,433 thousand (roughly NT\$412,941 thousand), as of September 30, 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 (roughly NT\$117,840 thousand) and reevaluated at a fair value of US\$3,760 thousand (roughly 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) A US subsidiary of GES had injected capital in TEV II, and owned 50% legal right, and reinvested into TEV Solar to own 100% right. In order to carry out the solar energy business and activities through its three limited liability companies, a US subsidiary of GES entered into a contract with ACS, a non-controlling interest, to setup a startup company, AC GES Solar; all of those limited liability companies entered into a 25-year sales contract with IMPA for the sale of electricity. As of December 31, 2018, the amount of injection from ACS and TEV solar into Class A shares and Class B shares, respectively, are as follows:
  - i. Class A shares: ACS owns 33.81% of AC GES Solar's outstanding 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: A US subsidiary of GES 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. A US subsidiary of GES will receive 1% of the profit sharing during the first five and half years of AC GES Solar's business operations.

The contract contained a financial liability component, which was not closely related to the host contract, amounting to \$33,756 thousand. The obligation was designated on initial recognition as one to be classified as "Preference shares - current and non-current liabilities". For the nine month ended September 30, 2019, the Group paid preference share dividends of US\$21 thousand (roughly NT\$663 thousand), which was classified under "Finance costs - Puttable preference shares"; the Group paid the agreed amount in the form of cash dividends and a fixed asset management fee of US\$209 thousand (roughly NT\$6,488 thousand) as repayments of Class A preference shares. Cash dividends of US\$70 thousand (roughly NT\$2,163 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 (roughly 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 nine month ended September 30, 2019 and 2018, the Group recognized \$5,516 thousand loss on financial liabilities at fair value through profit or loss and \$11,195 gain 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

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Secured overseas convertible bonds (a)	\$ 3,715,685	\$ 3,614,497	\$ 3,570,306
Less: Current portion	<u>(3,715,685)</u>	<u>(3,614,497)</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,570,306</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:

	<b>Host Liability Instrument</b>		<b>Conversion Option and Derivative Instrument of Redemption Option</b>	
	<b>US\$</b>	<b>NT\$</b>	<b>US\$</b>	<b>NT\$</b>
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	-	32,884	-	-
Interest charged at an effective interest rate	2,887	89,615	-	-
Accrued interest payable	(687)	(21,311)	-	-
Balance at September 30, 2019	<u>\$ 119,783</u>	<u>\$ 3,715,685</u>	<u>\$ -</u>	<u>\$ -</u>

The agreement of ING Bank requires the maintenance of certain financial ratios during the conversion period of the third secured overseas convertible bonds based on the Corporation's annual and semiannual 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.

As of September 30, 2019, the Corporation did not meet the required interest coverage ratio, and such contract does not constitute a breach of the agreement since the Corporation had deposited the reserve funds. 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 September 30, 2018. The Corporation had transferred into the escrow account as required under the loan agreement. However, the financial ratios did not meet this requirement which was not considered a breach of the agreement.

The bonds payable was repaid in October 2019, and the assets pledged as collaterals for bonds payable are shown in Note 37.

### 23. ACCRUED EXPENSES AND OTHER LIABILITIES

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Accrued expenses</u>			
Loss on contracts	\$ 278,990	\$ 260,480	\$ 720,693
Salaries	134,433	221,354	115,590
Bonuses	157,523	284,718	146,217
Others	<u>1,097,236</u>	<u>1,326,557</u>	<u>1,150,125</u>
	<u>\$ 1,668,182</u>	<u>\$ 2,093,109</u>	<u>\$ 2,132,625</u>
<u>Other liabilities</u>			
Advanced receipts from customers	\$ 53,621	\$ 94,832	\$ 39,295
Deferred revenue	56,463	245,677	190,871
Others	<u>7,662</u>	<u>21,606</u>	<u>18,104</u>
	<u>\$ 117,746</u>	<u>\$ 362,115</u>	<u>\$ 248,270</u>
Current	\$ 61,283	\$ 131,650	\$ 69,547
Non-current	<u>56,463</u>	<u>230,465</u>	<u>178,723</u>
	<u>\$ 117,746</u>	<u>\$ 362,115</u>	<u>\$ 248,270</u>

### 24. PROVISIONS

	September 30, 2019	December 31, 2018	September 30, 2018
<u>Non-current</u>			
Warranties	<u>\$ 171,661</u>	<u>\$ 305,138</u>	<u>\$ 287,239</u>

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
<u>Warranties</u>		
Balance at January 1	\$ 305,138	\$ 246,033
Additions	45,905	44,296
Reversals	(179,236)	-
Usage	(32)	(2,973)
Translation adjustments	<u>(114)</u>	<u>(117)</u>
Balance at September 30	<u>\$ 171,661</u>	<u>\$ 287,239</u>

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

## 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>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 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>2,513,372</u>	<u>2,515,759</u>	<u>1,019,138</u>
Shares issued	\$ 25,133,724	\$ 25,157,599	\$ 10,191,384
Share premiums	<u>641,992</u>	<u>963,007</u>	<u>1,408,827</u>
	<u>\$ 25,775,716</u>	<u>\$ 26,120,606</u>	<u>\$ 11,600,211</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 Energy and Solartech Energy, and the date of the merger is October 1, 2018. On March 28, 2018, the Corporation, Gintech Energy and Solartech Energy approved the merger in their shareholders' meeting.

In connection with the combined contract, Gintech Energy and Solartech Energy 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 Energy and Solartech Energy, 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

	September 30, 2019	December 31, 2018	September 30, 2018
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Share premiums	\$ 641,992	\$ 963,007	\$ 1,408,827
May only be used to offset a deficit (2)			
Share of change in equity interests of associates and joint ventures	-	42,000	42,000
May not be used for any purpose			
Arising from employee restricted shares	<u>123</u>	<u>6,016</u>	<u>7,312</u>
	<u>\$ 642,115</u>	<u>\$ 1,011,023</u>	<u>\$ 1,458,139</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 dividends policy as set forth in the Articles of the Corporation, 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; however, the Corporation cannot set aside a legal reserve when the legal reserve equals the paid-in capital. The setting aside or reversing special reserve is in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, when the distribution is in the form of issuing new shares should be resolved in the shareholders' meeting for distribution. 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.

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 proposed offsetting of accumulated deficit for 2018 and 2017 had been approved in the shareholders' meeting on June 17, 2019 and June 20, 2018, respectively.

	<b><u>Offset of Accumulated Deficits</u></b>	
	<b><u>For the Year Ended December 31</u></b>	
	<b>2018</b>	<b>2017</b>
Offset of Accumulated Deficits with capital surplus	<u>\$ 369,468</u>	<u>\$ 4,611,501</u>
d. Other equity		
<u>Unrealized gain on financial assets at FVTOCI</u>		
	<b><u>For the Nine Months Ended</u></b>	
	<b><u>September 30</u></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	425,676	8,143
Disposal of equity instruments cumulative gains and losses transfer to retained earnings	<u>7,968</u>	<u>-</u>
Balance at September 30	<u>\$ (94,253)</u>	<u>\$ (122,748)</u>

e. Treasury shares

The Corporation acquired treasury shares as result of merging Gintech Energy 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>September 30, 2019</u>			
Utech	1,883	<u>\$ 18,699</u>	<u>\$ 15,407</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 September 30, 2019

	Reportable Segments				Total
	Modules	Solar Cells	Power Facilities	Others	
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 2,344,139	\$ 1,564,189	\$ (8)	\$ (227)	\$ 3,908,093
Revenue from construction	-	-	54,702	-	54,702
Revenue from the sale of power facilities	-	-	(1,323)	-	(1,323)
Revenue from other activities	-	-	190,212	96,989	287,201
	<u>2,344,139</u>	<u>1,564,189</u>	<u>243,583</u>	<u>96,762</u>	<u>4,248,673</u>
Revenue from other operating activities	-	-	2,339	-	2,339
	<u>\$ 2,344,139</u>	<u>\$ 1,564,189</u>	<u>\$ 245,922</u>	<u>\$ 96,762</u>	<u>\$ 4,251,012</u>

For the three months ended September 30, 2018

	Reportable Segments				Total
	Modules	Solar Cells	Power Facilities	Others	
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 1,696,441	\$ 414,216	\$ 164,779	\$ 175	\$ 2,275,611
Revenue from construction	-	-	208,905	-	208,905
Revenue from the sale of power facilities	-	-	-	-	-
Revenue from other activities	-	569	234,114	46,658	281,341
	<u>1,696,441</u>	<u>414,785</u>	<u>607,798</u>	<u>46,833</u>	<u>2,765,857</u>
Revenue from other operating activities	-	-	17,673	-	17,673
	<u>\$ 1,696,441</u>	<u>\$ 414,785</u>	<u>\$ 625,471</u>	<u>\$ 46,833</u>	<u>\$ 2,783,530</u>

For the nine months ended September 30, 2019

	Reportable Segments				Total
	Modules	Solar Cells	Power Facilities	Others	
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 7,656,570	\$ 5,097,046	\$ 1,815	\$ (45)	\$12,755,386
Revenue from construction	-	-	489,475	-	489,475
Revenue from the sale of power facilities	-	-	125,746	-	125,746
Revenue from other activities	-	-	581,304	295,640	876,944
	<u>7,656,570</u>	<u>5,097,046</u>	<u>1,198,340</u>	<u>295,595</u>	<u>14,247,551</u>
Revenue from other operating activities	-	-	11,080	-	11,080
	<u>\$ 7,656,570</u>	<u>\$ 5,097,046</u>	<u>\$ 1,209,420</u>	<u>\$ 295,595</u>	<u>\$14,258,631</u>

For the nine months ended September 30, 2018

	Reportable Segments				Total
	Modules	Solar Cells	Power Facilities	Others	
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 5,196,718	\$ 1,567,580	\$ 426,262	\$ 210	\$ 7,190,770
Revenue from construction	-	-	429,814	-	429,814
Revenue from the sale of power facilities	-	-	-	-	-
Revenue from other activities	-	56,644	291,912	206,085	554,641
	<u>5,196,718</u>	<u>1,624,224</u>	<u>1,147,988</u>	<u>206,295</u>	<u>8,175,225</u>
Other operating income	-	-	47,290	-	47,290
	<u>\$ 5,196,718</u>	<u>\$ 1,624,224</u>	<u>\$ 1,195,278</u>	<u>\$ 206,295</u>	<u>\$ 8,222,515</u>

a. Contract balances

	<b>September 30, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>September 30, 2018 (Restated)</b>
Notes and accounts receivable (Note 10)	<u>\$ 3,538,845</u>	<u>\$ 3,134,295</u>	<u>\$ 1,965,969</u>
Contract assets			
Power facilities construction contracts	\$ 157,906	\$ 96,617	\$ 129,262
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 157,906</u>	<u>\$ 96,617</u>	<u>\$ 129,262</u>
Contract liabilities			
Sale of goods	\$ 169,571	\$ 242,376	\$ 530,868
Power facilities construction contracts	<u>283,996</u>	<u>102,876</u>	<u>69,020</u>
Contract liabilities - current	<u>\$ 453,567</u>	<u>\$ 345,252</u>	<u>\$ 599,888</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 Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Contract assets		
Transfers of beginning balance to receivables	<u>\$ 80,385</u>	<u>\$ 36,396</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 Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
From the beginning contract liability		
Sale of goods	\$ 208,025	\$ 17,003
Power facilities construction contracts	<u>63,205</u>	<u>-</u>
	<u>\$ 271,230</u>	<u>\$ 17,003</u>

b. Disaggregation of revenue

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Geographical markets		
Taiwan	\$ 3,869,059	\$ 3,932,386
America	2,396,238	799,518
India	2,226,249	-
Germany	2,134,063	1,611,452
Others	<u>3,621,942</u>	<u>1,831,869</u>
	<u>\$ 14,247,551</u>	<u>\$ 8,175,225</u>
Timing of revenue recognition		
Satisfied at a point in time	\$ 13,743,981	\$ 7,729,032
Satisfied over time	<u>503,570</u>	<u>446,193</u>
	<u>\$ 14,247,551</u>	<u>\$ 8,175,225</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>September 30, 2019</b>
Power facilities construction contracts	
- in 2019	\$ 24,943
- in 2020	<u>92,367</u>
	<u>\$ 117,310</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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Loss on disposal of property, plant and equipment	\$ (6,976)	\$ -	\$ (11,893)	\$ -
Impairment loss on property, plant and equipment	-	(255,909)	-	(255,909)
Loss on disposal of non-current assets held for sale	-	-	-	(2,403)
Others	<u>-</u>	<u>-</u>	<u>13</u>	<u>-</u>
	<u>\$ (6,976)</u>	<u>\$ (255,909)</u>	<u>\$ (11,880)</u>	<u>\$ (258,312)</u>

b. Interest income and other income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Interest income				
Puttable preference shares	\$ 2,887	\$ 2,887	\$ 8,568	\$ 8,599
Bank deposits	8,478	3,151	24,419	17,062
Financing provided to related parties	-	3,328	4,145	12,507
Others	<u>1,052</u>	<u>7,785</u>	<u>1,449</u>	<u>8,237</u>
	<u>\$ 12,417</u>	<u>\$ 17,151</u>	<u>\$ 38,581</u>	<u>\$ 46,405</u>
Other income				
Dividends	\$ 75,153	\$ 3,680	\$ 75,153	\$ 3,680
Insurance compensation	13	16,061	6,842	34,515
Others	<u>42,356</u>	<u>19,083</u>	<u>129,849</u>	<u>34,794</u>
	<u>\$ 117,522</u>	<u>\$ 38,824</u>	<u>\$ 211,844</u>	<u>\$ 72,989</u>

c. Finance costs

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Interest on bank loans	\$ 93,897	\$ 89,911	\$ 432,109	\$ 300,728
Interest on convertible bonds	30,222	28,786	89,615	83,757
Others	<u>93,049</u>	<u>18,127</u>	<u>138,797</u>	<u>30,002</u>
	<u>\$ 217,168</u>	<u>\$ 136,824</u>	<u>\$ 660,521</u>	<u>\$ 414,487</u>

d. Depreciation and amortization

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018 (Restate)</b>	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 837,626	\$ 467,291	\$ 2,580,486	\$ 1,450,176
Right-of-use assets	24,095	-	73,005	-
Intangible assets	<u>5,750</u>	<u>4,013</u>	<u>17,268</u>	<u>11,495</u>
	<u>\$ 867,471</u>	<u>\$ 471,304</u>	<u>\$ 2,670,759</u>	<u>\$ 1,461,671</u>
An analysis of depreciation by function				
Operating costs	\$ 798,678	\$ 454,637	\$ 2,466,289	\$ 1,407,233
Operating expenses	<u>63,043</u>	<u>12,654</u>	<u>187,202</u>	<u>42,943</u>
	<u>\$ 861,721</u>	<u>\$ 467,291</u>	<u>\$ 2,653,491</u>	<u>\$ 1,450,176</u>

(Continued)

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018 (Restate)</b>	<b>2019</b>	<b>2018</b>
An analysis of amortization by function				
Operating costs	\$ 3,992	\$ -	\$ 3,992	\$ -
Operating expenses	<u>1,758</u>	<u>4,013</u>	<u>13,276</u>	<u>11,495</u>
	<u>\$ 5,750</u>	<u>\$ 4,013</u>	<u>\$ 17,268</u>	<u>\$ 11,495</u>
				(Concluded)

e. Employee benefits expense

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Post-employment benefits (Note 25)				
Defined contribution plans	\$ 19,717	\$ 13,223	\$ 61,410	\$ 40,519
Share-based payments				
Equity-settled share-based payments	(3,091)	4,340	(1,494)	12,515
Other employee benefits	<u>611,487</u>	<u>375,680</u>	<u>1,887,644</u>	<u>1,082,575</u>
Total employee benefits expense	<u>\$ 628,113</u>	<u>\$ 393,243</u>	<u>\$ 1,947,560</u>	<u>\$ 1,135,609</u>
An analysis of employee benefits expense by function				
Operating costs	\$ 430,694	\$ 250,824	\$ 1,360,213	\$ 754,338
Operating expenses	<u>197,419</u>	<u>142,419</u>	<u>587,347</u>	<u>381,271</u>
	<u>\$ 628,113</u>	<u>\$ 393,243</u>	<u>\$ 1,947,560</u>	<u>\$ 1,135,609</u>

f. Employees' 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 nine months ended September 30, 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 gain (loss) on foreign currency exchange

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Foreign exchange gains	\$ 582,857	\$ 31,407	\$ 1,336,993	\$ 163,124
Foreign exchange losses	<u>(598,299)</u>	<u>(37,398)</u>	<u>(1,327,309)</u>	<u>(217,673)</u>
Net (loss) gain	<u>\$ (15,442)</u>	<u>\$ (5,991)</u>	<u>\$ 9,684</u>	<u>\$ (54,549)</u>

## 29. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Current tax				
In respect of the current period	\$ (1,350)	\$ (2,640)	\$ (48,839)	\$ (9,607)
Adjustments for prior periods	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	(1,350)	(2,640)	(48,839)	(9,607)
Deferred tax				
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ (1,350)</u>	<u>\$ (2,640)</u>	<u>\$ (48,839)</u>	<u>\$ (9,607)</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 assessments

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

## 30. LOSS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Basic loss per share	<u>\$ (0.45)</u>	<u>\$ (0.84)</u>	<u>\$ (1.08)</u>	<u>\$ (1.94)</u>
Diluted loss per share	<u>\$ (0.45)</u>	<u>\$ (0.84)</u>	<u>\$ (1.08)</u>	<u>\$ (1.94)</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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>
Loss used in the computation of diluted loss per share	<u>\$ (1,139,542)</u>	<u>\$ (858,556)</u>	<u>\$ (2,706,918)</u>	<u>\$ (1,978,955)</u>

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

	<u>For the Three Months Ended September 30</u>		<u>For the Nine Months Ended September 30</u>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares used in the computation of diluted loss per share	<u>2,509,643</u>	<u>1,017,504</u>	<u>2,509,105</u>	<u>1,017,498</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 nine months ended September 30, 2019 and 2018, the Corporation's outstanding convertible bonds, employee share options and restricted share options of employees 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 nine months ended September 30, 2019 and 2018.

Information on issued employee restricted shares was as follows:

	<u>Shares (In Thousands) For the Nine Months Ended September 30</u>	
	<b>2019</b>	<b>2018</b>
Beginning balance	5,252	1,761
Vested	(1,619)	(821)
Canceled	<u>(2,387)</u>	<u>(118)</u>
Ending balance	<u>1,246</u>	<u>822</u>

The Group recognized compensation costs of \$(1,494) thousand and \$12,515 thousand for the nine months ended September 30, 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 Yong Yeh, which carried out its entire solar-related businesses in Taiwan, were disposed of in March 2018, and control of Yong Han and Yong Yeh passed to the acquirer, Neo Cathay, on that date.

MEGASEVEN, MEGAELEVEN and MEGAFIFTEEN, which carried out its entire solar-related business in USA, were disposed of in June 2018.

a. Consideration received from the disposal

	<b>September 30, 2019</b>	
	<u>USA</u>	
Consideration received in cash and cash equivalents	\$ <u>747,551</u>	
Total consideration received	\$ <u>747,551</u>	
	<b>September 30, 2018</b>	
	<u>Taiwan</u>	<u>USA</u>
Consideration received in cash and cash equivalents	\$ 144,476	\$ 398,853
Sales proceeds receivable	<u>4,960</u>	<u>45,829</u>
Total consideration received	<u>\$ 149,436</u>	<u>\$ 444,682</u>

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

	<b>September 30, 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>September 30, 2018 (Restated)</b>	
	<b>Taiwan</b>	<b>USA</b>
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	650
Non-current assets		
Property, plant and equipment	341,073	432,238
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>	<u>-</u>
Net assets disposed of	<u>\$ 116,417</u>	<u>\$ 432,888</u>
c. Gain on disposals of subsidiaries		

	<b>For the Nine Months Ended September 30 2019</b>	
	<b>USA</b>	
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 Nine Months Ended September 30 2018</b>	
	<b>Taiwan</b>	<b>USA</b>
Consideration received	\$ 149,436	\$ 444,682
Realized gain	6,927	3,848
Net assets disposed of	<u>(116,417)</u>	<u>(432,888)</u>
Gain on disposal	<u>\$ 39,946</u>	<u>\$ 15,642</u>

d. Net cash inflow on disposal of subsidiaries

	<b>For the Nine Months Ended September 30 2019</b>	
	<b>USA</b>	
Consideration received in cash and cash equivalents	<u>\$ 747,551</u>	
	<b>For the Nine Months Ended September 30, 2018</b>	
	<b>Taiwan</b>	<b>USA</b>
Consideration received in cash and cash equivalents	\$ 144,476	\$ 398,853
Less: As-of-yet received accounts receivable of disposal	<u>(23,714)</u>	<u>-</u>
	<u>\$ 120,762</u>	<u>\$ 398,853</u>

### 33. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

For the nine months ended September 30, 2019

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Exchange Rate Changes	New Leases	Rent Reductions/ Surrender of Tenancy	Others (Note)	
Lease liabilities (Note 3)	<u>\$1,075,701</u>	<u>\$ (70,820)</u>	<u>\$ (5,399)</u>	<u>\$ 38,194</u>	<u>\$ (2,192)</u>	<u>\$ 25,632</u>	<u>\$1,061,116</u>

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

September 30, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Lease receivables (including current and non-current portions)	\$ 36,471	\$ -	\$ -	\$ 36,471	\$ 36,471
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	3,715,685	-	-	3,715,685	3,715,685

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

September 30, 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)	\$ 36,228	\$ -	\$ -	\$ 36,228	\$ 36,228
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	3,570,306	-	-	3,516,706	3,516,706

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

September 30, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Long call options	\$ -	\$ -	\$ 254,310	\$ 254,310
Foreign exchange forward contracts	<u>-</u>	<u>3,972</u>	<u>-</u>	<u>3,972</u>
	<u>\$ -</u>	<u>\$ 3,972</u>	<u>\$ 254,310</u>	<u>\$ 258,282</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 1,922,148	\$ 128,450	\$ -	\$ 2,050,598
Domestic unlisted shares	-	-	75,417	75,417
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>22,137</u>	<u>22,137</u>
	<u>\$ 1,922,148</u>	<u>\$ 128,450</u>	<u>\$ 97,554</u>	<u>\$ 2,148,152</u>
Financial liabilities at FVTPL				
Short call options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,993</u>	<u>\$ 196,993</u>

December 31, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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>

September 30, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Long call options	\$ -	\$ -	\$ 114,686	\$ 114,686
Foreign exchange forward contracts	-	36	-	36
	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 114,686</u>	<u>\$ 114,722</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 6,947	\$ 125,300	\$ -	\$ 132,247
Domestic unlisted shares	-	-	59,085	59,085
Foreign unlisted shares	-	-	20,255	20,255
	<u>\$ 6,947</u>	<u>\$ 125,300</u>	<u>\$ 79,340</u>	<u>\$ 211,587</u>
Financial liabilities at FVTPL				
Short call options	\$ -	\$ -	\$ 78,875	\$ 78,875
Foreign exchange forward contracts	-	5,250	-	5,250
	<u>\$ -</u>	<u>\$ 5,250</u>	<u>\$ 78,875</u>	<u>\$ 84,125</u>

There were no transfers between Level 1 and 2 for the nine months ended September 30, 2019 and 2018.

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

For the nine months ended September 30, 2019

	<b>Financial Assets at Fair Value Through Profit or Loss</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>
	<b>Long Call Options</b>	<b>Equity Instruments</b>
<u>Financial assets</u>		
Balance at January 1, 2019	\$ 243,130	\$ 135,751
Recognized in profit or loss - unrealized	8,977	(38,197)
Effect of exchange rate changes	<u>2,203</u>	<u>-</u>
Balance at September 30, 2019	<u>\$ 254,310</u>	<u>\$ 97,554</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, 2019	\$ 191,790
Recognized in profit or loss - unrealized	3,461
Effect of exchange rate changes	<u>1,742</u>
Balance at September 30, 2019	<u>\$ 196,993</u>

For the nine months ended September 30, 2018

	<b>Financial Assets at Fair Value Through Profit or Loss</b>		<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>
	<b>Long Call Options</b>	<b>Put Options</b>	<b>Equity Instruments</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	5,812	-	(15,023)
Recognized in profit or loss - realized	-	(23,674)	-
Effect of exchange rate changes	<u>(8,966)</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2018	<u>\$ 114,686</u>	<u>\$ -</u>	<u>\$ 79,340</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	(17,007)
Effect of exchange rate changes	<u>1,868</u>
Balance at September 30, 2018	<u>\$ 78,875</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 September 30, 2019, December 31, 2018 and September 30, 2018, the volatilities used were 18.00%, 18.00% and 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>
For the nine months ended <u>September 30, 2019</u>				
Financial assets at fair value through profit or loss				
Long call options	7.00%	+0.5%	\$ (11,031)	-
	7.00%	-0.5%	<u>11,799</u>	-
			<u>\$ 768</u>	
Financial assets at fair value through profit or loss				
Short call options	7.00%	+0.5%	\$ 24,071	-
	7.00%	-0.5%	<u>(27,001)</u>	-
			<u>\$ (2,930)</u>	

(Continued)

	<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 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 nine months ended September 30, 2018</u>				
Financial assets at fair value through profit or loss				
Long call options	6.80%	+0.5%	\$ (5,300)	-
	6.80%	-0.5%	<u>5,673</u>	-
			<u>\$ 373</u>	
Financial assets at fair value through profit or loss				
Long call options	6.80%	+0.5%	\$ 10,846	-
	6.80%	-0.5%	<u>(12,337)</u>	-
			<u>\$ (1,491)</u>	

(Concluded)

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

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 September 30, 2019, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 1.4500 and 38.25%, 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 45.47%, 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 September 30, 2018, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 1.8100 and 39.38%, respectively, while the price multiplier and volatility used to determine the fair value of foreign unlisted shares were 1.2754 and 33.37%, 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:

	<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>
For the nine months ended				
<u>September 30, 2019</u>				
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	1.4500	+5.0%	-	\$ 1,354
	1.4500	-5.0%	-	(1,354)
	38.25%	+1.0%	-	(294)
	38.25%	-1.0%	-	<u>294</u>
				<u>\$ -</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>

(Continued)

		Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
	Inputs			
For the nine months ended <u>September 30, 2018</u>				
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	1.8100	+5.0%	-	\$ 3,001
	39.38%	+1.0%	-	(589)
Foreign unlisted shares	1.2754	+5.0%	-	983
	33.37%	+1.0%	-	(329)
Financial liabilities at fair value through other comprehensive income				
Domestic unlisted shares	1.8100	-5.0%	-	(3,001)
	39.38%	-1.0%	-	647
Foreign unlisted shares	1.2754	-5.0%	-	(982)
	33.37%	-1.0%	-	<u>333</u>
				<u>\$ 63</u>
				(Concluded)

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 September 30, 2019, December 31, 2018 and September 30, 2018, the historical volatilities used were 40.60%, 42.75% and 36.43%, respectively.

c. Categories of financial instruments

	September 30, 2019	December 31, 2018 (Restated)	September 30, 2018 (Restated)
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL	\$ 258,282	\$ 243,130	\$ 114,722
Financial assets at amortized cost (Note 1)	14,955,785	19,361,113	11,617,337
Financial assets at FVTOCI			
Equity instruments	2,148,152	1,729,231	211,587
<u>Financial liabilities</u>			
FVTPL			
Held for trading	196,993	191,790	84,125
Amortized cost (Note 2)	27,961,038	30,382,755	20,718,261

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, guarantee deposits, 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 Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group had foreign currency-denominated sales and purchases, which exposed the 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 Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Profit (loss)	\$ (32,704)	\$ (88,838)	\$ 22,964	\$ (4,161)	\$ (22,749)	\$ (325)

The Group's sensitivity to USD exchange rates decreased in the current period mainly because of the decrease in net liabilities recorded in USD. The Group's sensitivity to EUR exchange rates increased in the current period mainly because of the increase in net assets recorded in EUR. The Group's sensitivity to JPY exchange rates increased in the current period mainly because of the increase 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>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Fair value interest rate risk			
Financial assets	\$ 1,529,702	\$ 2,120,090	\$ 2,032,407
Financial liabilities	(11,372,610)	(9,849,642)	(10,728,474)
Cash flow interest rate risk			
Financial assets	9,034,685	12,781,956	6,157,993
Financial liabilities	(13,427,159)	(16,909,886)	(7,801,822)

### 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 September 30, 2019 and 2018 would decrease by \$32,944 thousand and \$12,329 thousand, respectively, mainly because of the Corporation'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 FVTOCI.

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 nine months ended September 30, 2019 would decrease by \$107,408 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 nine months ended September 30, 2018 would decrease by \$10,579 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 financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. 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 customer base was large and unrelated, so the concentrations of credit risk were not high.

### 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.

September 30, 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	\$ 2,250,923	\$ 581,144	\$ 255,275	\$ 188,138
Lease liabilities	7,317	14,595	62,646	1,359,223
Variable interest rate liabilities	510,571	175,292	3,218,830	10,336,262
Fixed interest rate liabilities	<u>2,037,422</u>	<u>3,575,815</u>	<u>4,334,417</u>	<u>1,548,453</u>
	<u>\$ 4,806,233</u>	<u>\$ 4,346,846</u>	<u>\$ 7,871,168</u>	<u>\$13,432,076</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>\$ 84,558</u>	<u>\$ 454,611</u>	<u>\$ 364,151</u>	<u>\$ 190,746</u>	<u>\$ 106,173</u>	<u>\$ 243,542</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 liabilities	\$ 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>

September 30, 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	\$ 621,086	\$ 627,985	\$ 852,549	\$ 187,144
Variable interest rate liabilities	686,003	1,132,807	3,071,169	3,276,160
Fixed interest rate liabilities	<u>758,999</u>	<u>3,094,763</u>	<u>1,634,083</u>	<u>5,458,459</u>
	<u>\$ 2,066,088</u>	<u>\$ 4,855,555</u>	<u>\$ 5,557,801</u>	<u>\$ 8,921,763</u>

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.

September 30, 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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,993</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>Net settled</u>				
Short call options	\$ _____ -	\$ _____ -	\$ _____ -	\$ <u>191,790</u>

September 30, 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	\$ 2,206	\$ 3,044	\$ -	\$ -
Short call options	_____ -	_____ -	_____ -	_____ <u>78,875</u>
	<u>\$ 2,206</u>	<u>\$ 3,044</u>	<u>\$ -</u>	<u>\$ 78,875</u>

### 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

<u>Name of Related Parties</u>	<u>Relationship with the Group</u>
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)
TGET	Other related parties (Note 5)
Clean Focus Management Acquisition LLC	Other related parties (Note 6)
Shanghai Surui Leasing & Financing Limited	Other related parties (Note 6)
CTCI Corporation (CTCI)	Other related parties (Note 10)

(Continued)

<b>Name of Related Parties</b>	<b>Relationship with the Group</b>
Neo Cathay	Associates
Neo Cathay Electric Power Corp. (Neo Cathay Electric)	Associates (Note 7)
JSP	Associates
Si One Corp. (Si One)	Associates (Note 7)
Da Li Energy Co., Ltd. (Da Li Energy)	Associates (Note 7)
Yong Han	Associates (Note 8)
Yun Yeh	Associates (Note 8)
Shanghai Cenat New Energy Company Limited	Associates (Note 9)
CFY	Associates
Clean Focus Corporation (CFC)	Associates
CF Gainesville Owner One, LLC	Associates (Note 9)
Clean Focus Development LLC	Associates (Note 9)
CF SBC Owner One LLC	Associates (Note 9)
CF Vegas Holdings LLC	Associates (Note 9)
Greenskies Renewable Energy LLC	Associates (Note 9)
CF Lessee LOB LLC	Associates (Note 9)
Verde Solar Inc.	Associates (Note 9)
V5 Technology	Associates
Gintung	Associates (Note 10)
Sunshine PV	Associates (Notes 10 and 11)
DevCo One	Joint venture
DevCo Two	Joint venture
JV2	Joint venture

(Concluded)

Note 1: On October 15, 2018, Delta Company originally held 6.64% of the equity of the Corporation. After the election of the directors of the Corporation on November 20, 2018, the directors representing Delta Company resigned from the board of directors of the Corporation and did not meet the definition of related parties. Therefore, only the outstanding amount as of November 20, 2018 and transactions from January 1, 2018 to September 30, 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 November 20, 2018 and transactions from January 1, 2018 to September 30, 2018 were disclosed as related party transactions.

Note 3: Phanes Holding issued puttable preference shares, which were acquired by the Group on December 18, 2015, so that it meets the definition of related party. Phanes Holding's subsidiaries were disclosed as other related parties.

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: After the date of merger, October 1, 2018, Apex became the shareholder of TGET and became their directors. TGET meets the definition of other related parties. Therefore, the outstanding amounts and transactions after October 1, 2018 were disclosed as related party transactions.

Note 6: Same directors with CFGP, so that meet the definition of other related parties.

Note 7: The associates were Neo Cathay's subsidiaries.

Note 8: 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 9: The associates were CFY's subsidiaries.

Note 10: Becoming related parties is due to absorption merging the two corporations, Gintech Energy and Solartech Energy on October 1, 2018.

Note 11: The Corporation resigned from the board of Sunshine PV so the Corporation no longer has influence over Sunshine PV. Therefore, Sunshine PV does not meet the definition of a related party but only outstanding balance as of May, 2019 were disclosed.

b. Sales of goods

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Associates	\$ 173,964	\$ 525,999	\$ 661,623	\$ 964,222
Other related parties	(4)	23,172	11,210	35,183
Investors with significant influence	<u>-</u>	<u>-</u>	<u>-</u>	<u>79</u>
	<u>\$ 173,960</u>	<u>\$ 549,171</u>	<u>\$ 672,833</u>	<u>\$ 999,484</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 September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Other related parties	\$ 4,457	\$ 63	\$ 5,367	\$ 74
Associates	<u>325</u>	<u>2,109</u>	<u>14,331</u>	<u>6,884</u>
	<u>\$ 4,782</u>	<u>\$ 2,172</u>	<u>\$ 19,698</u>	<u>\$ 6,958</u>

d. Dividends

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Other related parties				
SAS	\$ 65,581	\$ -	\$ 65,581	\$ -
TTMC	2,800	3,680	2,800	3,680
Others	<u>6,772</u>	<u>-</u>	<u>6,772</u>	<u>-</u>
	<u>\$ 75,153</u>	<u>\$ 3,680</u>	<u>\$ 75,153</u>	<u>\$ 3,680</u>

e. Interest income

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Other related parties				
Phanes Holding	\$ 2,887	\$ 2,887	\$ 8,568	\$ 8,599
Associates				
CFY	-	3,328	2,809	12,507
Others	-	-	1,336	-
Joint ventures	<u>1</u>	<u>6,199</u>	<u>392</u>	<u>6,572</u>
	<u>\$ 2,888</u>	<u>\$ 12,414</u>	<u>\$ 13,105</u>	<u>\$ 27,678</u>

The Group's income revenue was composed of interest income from financing provided to associates and puttable preference shares with other related parties.

f. Purchase of goods

	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Other related parties	\$ 1,808	\$ -	\$ 3,455	\$ -
Investors with significant influence	<u>-</u>	<u>1,607</u>	<u>-</u>	<u>4,725</u>
	<u>\$ 1,808</u>	<u>\$ 1,607</u>	<u>\$ 3,455</u>	<u>\$ 4,725</u>

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

g. Other expenses

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Investors with significant influence	\$ -	\$ 166	\$ -	\$ 524
Associates	-	48,452	-	48,452
Other related parties	-	443	-	1,334
	<u>\$ -</u>	<u>\$ 49,061</u>	<u>\$ -</u>	<u>\$ 50,310</u>

h. Accounts receivable

	September 30, 2019	December 31, 2018	September 30, 2018
Associates			
CFC	\$ 445,266	\$ 367,956	\$ 416,809
Da Li Energy	146,427	-	-
Verde Solar Inc.	85,817	85,042	-
Others	(2,226)	101,454	12,060
Other related parties	(5)	-	20,723
Investors with significant influence	-	-	83
Less: Allowance for impairment loss			
Associates	(782)	(21,986)	(1,561)
Investors with significant influence	-	-	(24)
Other related parties	-	-	(4)
	<u>\$ 674,497</u>	<u>\$ 532,466</u>	<u>\$ 448,086</u>

The outstanding trade receivables from related parties are unsecured.

i. Other receivables

	September 30, 2019	December 31, 2018	September 30, 2018
Associates			
CFC	\$ 328,419	\$ 113,131	\$ 262
CF Lessee LOB LLC	864	493,797	860,020
CFY	-	133,141	130,190
Others	11,311	16,691	7,061
Other related parties			
Clean Focus Management Acquisition LCC	190,035	188,319	-
Others	18,977	13,440	7,998
Joint ventures			
DevCo One	158,400	128,426	203,089
Others	11,788	16,189	71,150
Less: Allowance for impairment loss			
Joint ventures	(11,788)	-	-
Associates	-	(8,400)	-
	<u>\$ 708,006</u>	<u>\$ 1,094,734</u>	<u>\$ 1,279,770</u>

Other receivables were temporary project fee payments that the Group paid for its associates.

The outstanding receivables from related parties were unsecured.

j. Contract assets

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Associates			
Si One	\$ 53,957	\$ 45,789	\$ 56,997
Yong Han	45,940	-	-
Da Li Energy	<u>44,488</u>	<u>24,261</u>	<u>62,755</u>
	<u>\$ 144,385</u>	<u>\$ 70,050</u>	<u>\$ 119,752</u>

For the nine months ended September 30, 2019 and 2018, no impairment loss was recognized for contract assets from related parties.

k. Prepayments

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Other related parties			
SAS	<u>\$ 1,118,347</u>	<u>\$ 1,118,451</u>	<u>\$ -</u>

l. Other prepayments

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Associates	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332</u>

m. Accounts payable

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Other related parties			
SAS	\$ 1,501	\$ (312)	\$ -
TSCC	-	380	-
Associates			
Greenskies Renewable Energy LLC	-	-	113,023
Investors with significant influence			
Delta Company	<u>-</u>	<u>373</u>	<u>582</u>
	<u>\$ 1,501</u>	<u>\$ 441</u>	<u>\$ 113,605</u>

The outstanding payables to related parties were unsecured. No guarantees had been given or received for payables to related parties, and these payables would be settled in cash.

n. Contract liabilities

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Associates			
Da Li Energy	\$ 145,833	\$ 14,527	\$ -
Si One	136,996	88,306	45,632
Others	-	154	-
Other related parties	<u>11</u>	<u>1,194</u>	<u>12</u>
	<u>\$ 282,840</u>	<u>\$ 104,181</u>	<u>\$ 45,644</u>

o. Payables to contractors and equipment suppliers

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Investors with significant influence	<u>\$ -</u>	<u>\$ 12,936</u>	<u>\$ 10,396</u>

p. Other accrued expenses

	<b>September 30, 2019</b>	<b>December 31, 2018</b>	<b>September 30, 2018</b>
Associates	\$ 160,369	\$ 244,279	\$ 216,711
Joint ventures			
DevCo One	143,709	118,195	348,532
Other related parties	7,373	12,273	9,210
Investors with significant influence	<u>-</u>	<u>194</u>	<u>183</u>
	<u>\$ 311,451</u>	<u>\$ 374,941</u>	<u>\$ 574,636</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 Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Other related parties	\$ 63,141	\$ 163,081
Investors with significant influence	<u>-</u>	<u>4,210</u>
	<u>\$ 63,141</u>	<u>\$ 167,291</u>

r. Payments for construction

	<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>
Other related parties	<u>\$ -</u>	<u>\$ 134,597</u>

The payments for construction were the cost and expense of the construction project. Transactions between the Group and related parties were based on specifically negotiated terms.

s. Disposal of subsidiaries

Refer to note 32 for the details.

t. Endorsements and guarantees

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

u. Compensation of key management personnel

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2019	2018	2019	2018
Short-term benefits	\$ 21,228	\$ 12,027	\$ 72,671	\$ 38,501
Share-based payments	(115)	2,227	902	6,422
Post-employment benefits	<u>539</u>	<u>204</u>	<u>1,557</u>	<u>639</u>
	<u>\$ 21,652</u>	<u>\$ 14,458</u>	<u>\$ 75,130</u>	<u>\$ 45,562</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:

	September 30, 2019	December 31, 2018 (Restated)	September 30, 2018 (Restated)
Property, plant and equipment	\$ 16,663,931	\$ 18,637,247	\$ 9,743,376
Restricted assets (classified as other current and non-current assets)	4,436,105	3,701,289	3,285,056
Finance assets at fair value through other comprehensive income	1,796,923	1,337,855	-
Refundable deposits	993,607	1,004,824	930,793
Investments accounted for using the equity method	593,573	598,352	-
Pledged time deposits (classified as other current and non-current assets)	309,109	595,018	510,309
Finance lease receivables (including current and non-current assets)	36,471	36,717	36,228
Power facility construction in progress (classified as inventories)	161,429	99,575	146,798
Inventory	<u>-</u>	<u>1,021</u>	<u>-</u>
	<u>\$ 24,991,148</u>	<u>\$ 26,011,898</u>	<u>\$ 14,652,560</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 September 30, 2019, the Group recognized prepayments of USD56,601 thousand (roughly NT\$1,772,442 thousand), EUR8,636 thousand (roughly NT\$397,190 thousand) shown in the consolidated balance sheet. The Group recognized an impairment loss of \$15,951 thousand and \$398,581 thousand because of poor operating conditions of suppliers for the nine months ended September 30, 2019 and 2018; and the Group recognized a reversal of the impairment loss of \$14,129 thousand because of their supplier liquidation allocation for the nine months ended September 30, 2019.

2) Material sell-buy agreements:

As of September 30, 2019, the Corporation entered into irrevocable sell-buy agreements with several companies.

The information was as follows:

Company Name	Buyer	Duration	Note
Yong Liang	Taiwan Power Company	20 years	Sale of electricity to third parties without prior permission is disallowed
NCH Solar1	Good Energy Limited, UK	20 years	Sale of electricity to third parties without prior permission is disallowed
CEDAR FALLS	Cedar Falls Utilities	25 years	Sale of electricity to third parties without prior permission is disallowed
JRC	Dominican (Corporación Dominicana de Empresas Eléctricas Estatales) CDEEE	20 years	Sale of electricity to third parties without prior permission is disallowed
RER CT57	USA Town of East Haddam	25 years	Sale of electricity to third parties without prior permission is disallowed
GES ME	Dubai DP World FZE	20 years	Sale of electricity to third parties without prior permission is disallowed
Hashimoto	Kansai Electric Power Co., Inc.	20 years	Sale of electricity to third parties without prior permission is disallowed
Anderson N.	IMPA	25 years	Sale of electricity to third parties without prior permission is disallowed

(Continued)

Company Name	Buyer	Duration	Note
Anderson S.	IMPA	25 years	Sale of electricity to third parties without prior permission is disallowed
Richmond	IMPA	25 years	Sale of electricity to third parties without prior permission is disallowed
Rensselare	IMPA	25 years	Sale of electricity to third parties without prior permission is disallowed (Concluded)

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 September 30, 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 September 30, 2019. The settlement agreement was reached between the parties; the security deposit is expected to be collected during 2019.

- 3) The Group have obtained orders for power facility construction and contracted the projects out to contractors. The Group entered into construction and material contracts with the contractors with a total contract price of \$1,998,071 thousand and the unpaid amount was \$455,478 thousand as of September 30, 2019.
- 4) As of September 30, 2019, unused letters of credit amounted to approximately USD8,676 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 Hsinchu 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 Hsinchu 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 Hsinchu district court ruled that the Corporation should pay Company K \$500,000 thousand and accrued interest payable at 5% per annum beginning from December 23, 2015. Simultaneously, Hsinchu 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 Hsinchu 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 judgment of the Shanghai Jiading People's Court on March 29, 2019 was for JE Company to return to DelSolar Wu Jiang \$2,637 thousand as repayment

of interest loss and burden case acceptance fee; Shanghai Jiading People's Court dismissed the other claims. Company JE filed an appeal in accordance with the law within the statutory period. The case entered the second instance procedure and was heard on July 29, 2019. The court dismissed the appeal and upheld the original judgment on September 25, 2019. Since JE Company did not fulfill its payment obligations, DelSolar Wu Jiang entrusted a law firm to apply to the court for enforcement.

- 5) JRC, a subsidiary of the Group, is required to compensate ER Company USD900 thousand due to a consultancy agreement's lawsuit; the judgment 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 RMB8,798 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. The court dismissed the enforcement procedure because there was no evidence found that CZ Company had other properties for seizure. In the event that CZ Company is found to have any properties that may be enforceable for seizure, DelSolar Wu Jiang may apply to the court to resume the enforcement procedure.
- 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 Hsinchu 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 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. This arbitration judgment was obtained in August 2019 which required the Corporation to pay EQ Company \$18.51 million with an annual interest rate of 5% on the settlement date. The Corporation appealed to revoke the arbitration judgment on September 19, 2019 and the court accepted it.
- 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 Energy; Gintech Energy 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. The judgment confirmed that vendor Company G had a credit of \$10,000 thousand to Gintech Energy. The claim of Company CE was a bankruptcy claim. Company CE reasserted that there was a major dispute about the legitimacy and reasonableness of this claim. Therefore, the Corporation will file an appeal within the time limit according to the lawyer's recommendation.

- 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 June 30, 2019, Sunshine PV owed a number of items from the Corporation such as goods, rental payment and capital loans, and additional interest was \$446,768 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:

	September 30, 2019		December 31, 2018		September 30, 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	\$ 258,097	31.0200	\$ 224,768	30.7400	\$ 151,698	30.5510
USD (Note 2)	1,055	7.1212	260	6.8677	212	6.8953
USD (Note 3)	25,045	30.4865	25,523	32.2222	-	-
EUR	15,755	33.8700	14,999	35.2200	24,264	35.4010
JPY	1,065	0.2877	23,475	0.2781	11,972	0.2688
RMB	8,260	4.3560	50,346	4.4760	30	4.4307
GBP	26,475	38.1000	2,058	38.9500	16,332	39.8387
DOP	341	0.6018	386	0.6116	786	0.5988
Non-monetary assets						
USD	1,335	31.0200	1,144	30.7400	1,154	30.5510
USD	805	28.9978	805	28.9978	-	-
EUR	-	-	600	32.2300	600	35.4010
MYR	43,734	6.6802	52,054	7.1190	-	-
<u>Financial liabilities</u>						
Monetary liabilities						
USD	281,807	31.0200	229,154	30.7400	210,061	30.5510
USD (Note 2)	4,588	7.1212	-	-	6	6.8953
USD (Note 3)	18,888	30.4865	9,132	32.2222	-	-
EUR	1,642	33.8700	10,097	35.2200	26,405	35.4010
EUR (Note 2)	210	7.7755	210	7.8686	210	7.9899
EUR (Note 3)	343	33.2875	29	36.9182	-	-
JPY	1,582,481	0.2877	44,610	0.2781	36,154	0.2688
JPY (Note 2)	11	0.0660	-	-	-	-
GBP	3,314	38.1000	38	38.9500	44	39.8387
RMB	3,220	4.3560	536	4.4760	2,503	4.4307
DOP	1	0.6018	1,576	0.6116	682	0.5988
NTD (Note 3)	-	-	146	1.0482	-	-
AUD	18	20.9650	-	-	-	-

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 September 30, 2019 and 2018, realized and unrealized foreign exchange (losses) gains were \$(15,442) thousand and \$(5,991) thousand, respectively. For the nine months ended September 30, 2019 and 2018, realized and unrealized foreign exchange gains (losses) were \$9,684 thousand and \$(54,549) 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:

- a. Financing provided to others: Table 1 (attached)
- b. Endorsements/guarantees provided: Table 2 (attached)
- c. Marketable securities held (not including investments in subsidiaries, associates, and joint ventures): Table 3 (attached)
- d. Marketable securities acquired and disposed of at 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: Table 5 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
- i. Trading in derivative instruments: Note 7.
- j. Related information of investees over which the Corporation exercises significant influence: Table 7 (attached)
- k. Investments in mainland China:
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 8 (attached)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 9 (attached)
- l. Intercompany relationships and significant intercompany transactions: Table 10 (attached)

#### 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 September 30</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	\$ 2,344,139	\$ 68,904	\$ 1,696,441	\$ 31,701
Solar cells	1,564,189	72,309	414,785	(571)
Power facilities	245,922	3,741	625,471	7,341
Others	<u>96,762</u>	<u>419,889</u>	<u>46,833</u>	<u>1,745</u>
Total for continuing operations	<u>\$ 4,251,012</u>	<u>\$ 564,843</u>	<u>\$ 2,783,530</u>	<u>\$ 40,216</u>

	<b>Segment Revenue</b>			
	<b>For the Nine Months Ended September 30</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	\$ 7,656,570	\$ 118,115	\$ 5,196,718	\$ 220,494
Solar cells	5,097,046	130,476	1,624,224	59,829
Power facilities	1,209,420	86,726	1,195,278	10,806
Others	<u>295,595</u>	<u>1,147,252</u>	<u>206,295</u>	<u>11,770</u>
Total for continuing operations	<u>\$ 14,258,631</u>	<u>\$ 1,482,569</u>	<u>\$ 8,222,515</u>	<u>\$ 302,899</u>

	<b>Segment Profit or Loss</b>			
	<b>For the Three Months Ended September 30</b>		<b>For the Nine Months Ended September 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
Modules	\$ 213,204	\$ 6,832	\$ 731,776	\$ (177,599)
Solar cells	(594,178)	(231,818)	(1,038,214)	(729,982)
Power facilities	72,673	209,654	227,806	310,396
Others	<u>(111,831)</u>	<u>(57,377)</u>	<u>(405,049)</u>	<u>(24,112)</u>
Gross gain (loss) of reportable segments	(420,132)	(72,709)	(483,681)	(621,297)
Unrealized intercompany profit	<u>(1,594)</u>	<u>(1,700)</u>	<u>(14,637)</u>	<u>(4,508)</u>
	(421,726)	(74,409)	(498,318)	(625,805)
Unallocated amount				
Operating expenses	(514,928)	(494,336)	(1,875,826)	(1,132,955)
Other income and expense	(6,976)	(255,909)	(11,880)	(258,312)
Non-operating income and expenses	<u>(184,636)</u>	<u>(61,389)</u>	<u>(305,119)</u>	<u>38,991</u>
Net loss before income tax	<u>\$ (1,128,266)</u>	<u>\$ (886,043)</u>	<u>\$ (2,691,143)</u>	<u>\$ (1,978,081)</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.

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ -	\$ -	-	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,245,310 (Notes 2, 3 and 4)	\$ 4,490,621	Note 2
		Zhongyang	Other receivables from related party	YES	500,000	-	-	-	2	-	Operating capital	-	-	-	2,245,310 (Notes 2, 3 and 4)	4,490,621	Note 2
		Sunshine PV	Other receivables from related party	YES	200,000	-	-	-	2	-	Operating capital	-	-	-	2,245,310 (Notes 2, 3 and 4)	4,490,621	Note 2
		Huiyang	Other receivables from related party	YES	150,000	-	-	-	2	-	Operating capital	-	-	-	2,245,310 (Notes 2, 3 and 4)	4,490,621	Note 2
		CFY	Other receivables from related party	YES	107,590	-	-	-	2	-	Operating capital	-	-	-	2,245,310 (Notes 2, 3 and 4)	4,490,621	Note 2
1	GES JAPAN	GES UK	Other receivables from related party	YES	265,140	265,140	265,140	2.900%	2	-	Operating capital	-	-	-	734,072 (Notes 2, 3 and 4)	734,072	Note 2
		The Corporation	Other receivables from related party	YES	54,000	-	-	-	2	-	Operating capital	-	-	-	74,307 (Notes 2, 3 and 4)	297,229	Note 2
2	GES UK	GES USA	Other receivables from related party	YES	392,063	392,063	392,063	3.000%	2	-	Operating capital	-	-	-	2,554,564 (Notes 2, 3 and 4)	2,554,564	Note 2
3	DelSolar Wu Jiang	NSP Nanchang	Other receivables from related party	YES	820,395	479,160	479,160	2.730%	2	-	Operating capital	-	-	-	841,275 (Notes 2, 3 and 4)	841,275	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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 4,490,621	\$ 770,000	\$ 770,000	\$ 752,294	\$ -	3.43	\$ 11,226,552	YES	-	-		
		GES UK	Subsidiary	4,490,621	674,348	666,930	508,976	-	2.97	11,226,552	YES	-	-		
		Gintech (Thailand)	Subsidiary	4,490,621	653,535	646,470	162,080	-	2.88	11,226,552	YES	-	-		
		GES USA	Subsidiary	4,490,621	580,362	573,979	341,329	-	2.56	11,226,552	YES	-	-		
		NSP System	Subsidiary	4,490,621	500,000	500,000	354,400	-	2.23	11,226,552	YES	-	-		
		Yong Liang	Subsidiary	4,490,621	417,250	397,250	242,608	-	1.77	11,226,552	YES	-	-		
		NSP Indygen	Subsidiary	4,490,621	364,500	364,500	364,500	-	1.62	11,226,552	YES	-	-		
		CFR	Subsidiary	4,490,621	307,400	-	-	-	-	-	11,226,552	YES	-	-	
		Apex	Subsidiary	4,490,621	263,000	263,000	261,000	-	1.17	11,226,552	YES	-	-		
		The Corporation	Subsidiary	4,490,621	51,120	51,120	4,245	-	0.23	11,226,552	YES	-	-		
		NSP NEVADA	Subsidiary	4,490,621	46,110	46,110	-	-	0.21	11,226,552	YES	-	-		
		1	GES USA	TEV Solar	Subsidiary	1,106,945	315,218	311,751	310,200	-	28.16	2,213,889	YES	-	-
				MEGASIXTEEN	Subsidiary	1,106,945	266,603	263,670	263,670	-	23.82	2,213,889	YES	-	-
				MUNISOL	Subsidiary	1,106,945	139,261	137,729	137,729	-	12.44	2,213,889	YES	-	-

Note 1: In accordance with the "Rules of Guarantees by the Corporation," the ceiling for the total guaranteed amount was 50% of the Corporation's net asset value, and the limit on the guaranteed amount for a single party was 20% of the Corporation's net asset value. But for business purposes, the limit of the guaranteed amount was the total of the purchases from or sales to the Corporation within the most recent year.

Note 2: Based on the "Rules of Guarantees by 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

SEPTEMBER 30, 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	September 30, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Shares</u> CTCI	Investee	Financial assets at fair value through other comprehensive income- current	3,003	\$ 125,225	0.39	\$ 125,225	-
	SAS	Investee	Financial assets at fair value through other comprehensive income- non-current	21,860	1,796,923	3.73	1,796,923	1
	TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	4,000	73,400	5.44	73,400	2 and 3
	EXOJET	Investee	Financial assets at fair value through other comprehensive income- non-current	5,885	27,718	12.06	27,718	-
	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	-
	Sunshine PV	Investee	Financial assets at fair value through other comprehensive income- non-current	13,281	-	19.47	-	4
	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	-	-	26.09	-	-
	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	155,100	100.00	155,100	-
New Ray Investment	<u>Shares</u> TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	3,000	55,050	4.08	55,050	2 and 3
Apex	<u>Shares</u> TOP GREEN ENERGY TECHNOLOGIES INC.	Investee	Financial assets at fair value through other comprehensive income- non-current	8,889	27,098	7.11	27,098	-

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: Sunshine PV was dissolved in August 2019.

Note 5: Except for the above mentioned, the above marketable securities had not been pledged or mortgaged as of September 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 509,012	\$ 203,853	-	\$ -

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

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

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019**

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Corporation	Gintech (Thailand)	Subsidiary	Sale	\$ 859,083	7.04	15 days from the invoice date	-	-	\$ 258,443	8.09	
	Utech	Subsidiary	Purchase	318,849	3.19	OA 7 days after receipt	-	-	(45,809)	(2.19)	
	CFC	Associate	Sale	121,140	0.99	60 days from the invoice date	-	-	108,143	3.72	
NSP System	Si One	Associate	Sale	255,484	65.93	15 days from the invoice date	-	-	45,023	18.27	
	Da Li	Associate	Sale	119,328	30.79	15 days from the invoice date	-	-	190,175	77.19	

Note 1: The amounts were based on total notes or accounts receivable (payable) or total purchase (sale) amounts of the buyer (seller).

Note 2: The amounts were based on total sale amounts of the seller or total amount due from customers for construction contracts.

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

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

**FOR THE NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 1,002,768	-	\$ 23,229	Receivable according to the financial situation	\$ -	\$ -
	GES ME	Subsidiary	649,996	-	3,000	Receivable according to the financial situation	-	-
	NSP NEVADA	Subsidiary	584,225	-	34,678	Receivable according to the financial situation	-	-
	Yong Yao	Subsidiary	486,485	-	32,262	Receivable according to the financial situation	-	-
	Gintech (Thailand)	Subsidiary	374,201	5.38	155,758	Receivable according to the financial situation	174,996	-
	GES USA	Subsidiary	195,626	-	133,586	Receivable according to the financial situation	-	-
	NSP Nanchang	Subsidiary	144,448	-	143,533	Receivable according to the financial situation	-	-
	CFC	Associate	108,143	1.61	13,889	Receivable according to the financial situation	-	774
	DelSolar WuJiang	NSP Nanchang	Subsidiary	548,915	-	-	Receivable according to the financial situation	-
DelSolar USA	CFR	Subsidiary	951,956	-	-	Receivable according to the financial situation	-	-
NSP NEVADA	GES USA	Subsidiary	252,115	-	-	Receivable according to the financial situation	-	-
CFR	CFC	Associate	494,296	0.10	-	Receivable according to the financial situation	-	-
	Clean Focus Management Acquisition LLC	Other related party	190,034	-	-	Receivable according to the financial situation	-	-
	DevCo One	Associate	125,176	-	-	Receivable according to the financial situation	-	-
USD 1	CFR	Associate	272,097	-	-	Receivable according to the financial situation	-	-
Beryl	CFC	Joint ventures	151,237	-	-	Receivable according to the financial situation	-	-
GES UK	JRC	Subsidiary	445,739	-	-	Receivable according to the financial situation	-	-
	GES USA	Subsidiary	410,503	-	-	Receivable according to the financial situation	-	-
GES USA	MUNISOL	Grandson company	856,157	-	-	Receivable according to the financial situation	-	-
TEV II	TEV Solar	Subsidiary	610,322	-	-	Receivable according to the financial situation	-	-
NSP System	Da Li Energy	Associate	145,687	-	-	Receivable according to the financial situation	-	-

TABLE 7

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 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	\$ 2,069,685	\$ 83,859	\$ 83,589	-
	DelSolar Cayman	Cayman Islands	Investment company	4,906,789	4,597,639	155,126	100	1,533,585	(538,578)	(538,272)	-
	NSP BVI	British Virgin Islands	Investment company	1,426,179	1,426,179	45,001	100	1,475,842	57,080	57,080	-
	GES	Hsinchu, Taiwan	Electronic component manufacturing and selling	-	-	-	-	-	-	-	2
	GES ME	Dubai	Solar related business	418,805	418,805	4	100	370,467	8,364	8,364	-
	Apex	Hsinchu, Taiwan	Solar related business	145,994	145,994	48,500	100	169,177	11,836	11,836	-
	NSP UK	London, UK	Investment company	138,967	138,967	3,580	100	181,366	42,889	42,889	-
	NSP System	Tainan, Taiwan	Solar related business	144,200	144,200	14,420	100	103,617	(9,943)	(22,789)	-
	Prime Energy	Tainan, Taiwan	Electronic component manufacturing and selling	90,000	90,000	9,000	100	79,978	(12)	(12)	-
	Ne Ray Investment	Tainan, Taiwan	Investment company	115,000	115,000	11,500	100	70,817	1,185	1,185	-
	Zhongyang	Hsinchu, Taiwan	Solar related business	24,121	24,121	3,500	100	39,232	7,793	7,793	-
	Huiyang	Hsinchu, Taiwan	Solar related business	30,427	30,427	3,100	100	29,970	(325)	(325)	5
	UREE	Kaohsiung, Taiwan	Solar related business	20,000	-	2,000	100	15,829	(4,171)	(4,171)	3
	DelSolar Singapore	Singapore	Investment company	29,743	29,743	1,250	100	19,037	378	378	-
	BPS	Tainan, Taiwan	Solar related business	6,000	6,000	600	60	17,195	3,858	2,315	-
	SMC	Hsinchu, Taiwan	Solar related business	9,720	9,720	1,000	100	9,819	161	161	-
	Solartech Japan	Japan	Solar related business	-	36,205	2	-	-	(25,587)	(25,587)	5
	Utech	Miaoli, Taiwan	Electronic component manufacturing	337,114	57,169	91,670	99.49	(161,622)	(320,347)	(306,697)	-
	Yong Liang	Hsinchu, Taiwan	Solar related business	249,000	249,000	24,900	100	247,846	3,788	3,788	2
	Yong Zhou	Hsinchu, Taiwan	Solar related business	46,500	41,500	-	100	7,434	(4,457)	(4,457)	2
	Ever Lite	Hsinchu, Taiwan	Electronic component selling	6,000	6,000	-	100	6,501	3,960	3,960	2, 5
	Yong Yao	Changhua, Taiwan	Solar related business	142,000	142,000	14,200	100	137,670	(2,423)	(2,423)	2
	Yong Shun	Hsinchu, Taiwan	Solar related business	2,000	2,000	200	100	801	(113)	(113)	2
	JRC	Dominican	Solar related business	3,717	3,717	1	1	614	(1,565)	(1)	2
	GES UK	London, UK	Investment company	3,170,893	3,170,893	103,890	100	2,476,154	80,241	80,241	-
	Neo Cathay	Tainan, Taiwan	Investment company	600,000	600,000	60,000	40	593,573	58,132	23,273	-
	TSST	Malaysia	Solar related business	417,692	417,692	97,701	42.12	175,676	(170,480)	(79,103)	-
	V5 Technology	Hsinchu, Taiwan	Electronic component manufacturing and selling	114,084	114,084	7,789	41.43	73,896	15,609	4,036	-
	Gintung	Taoyuan, Taiwan	Electronic component manufacturing	34,341	34,341	13,460	36.38	-	(236,472)	(44,424)	-
	JSP	Taipei, Taiwan	Solar related business	10,500	10,500	1,050	35	4,430	(8,867)	(3,104)	-
	Solar PV	Cayman Islands	Investment company	-	-	30,500	19.92	-	(1,898)	-	4
	Dashiangying	Kaohsiung, Taiwan	Solar related and Agriculture related business	100	-	10	100	71	(29)	(29)	3
	Shinkai	Kaohsiung, Taiwan	Solar related and Agriculture related business	100	-	10	100	71	(29)	(29)	3
	Shanshang	Kaohsiung, Taiwan	Solar related and Agriculture related business	100	-	10	100	71	(29)	(29)	3
	Jiangung	Kaohsiung, Taiwan	Solar related and Agriculture related business	100	-	10	100	71	(29)	(29)	3
	Dungshr	Kaohsiung, Taiwan	Solar related and Agriculture related business	100	-	10	100	71	(29)	(29)	3
	Yanshan	Kaohsiung, Taiwan	Solar related and Agriculture related business	100	-	10	100	71	(29)	(29)	3
UES	RES	Independent State of Samoa	Investment company	1,971,918	1,971,918	61,930	100	2,033,641	83,589	83,589	-
RES	Gintech Thailand	Thailand	Solar related business	1,964,202	1,964,202	29,466	100	2,026,020	83,571	83,751	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value			
GES UK	GES USA	Nevada, USA	Investment company	\$ 1,185,163	\$ 1,185,163	39,680	100	\$ 1,037,844	\$ 112,206	\$ 112,206	-
	NCH Solar 1	London, UK	Solar related business	395,106	414,684	7,447	100	297,099	5,664	5,664	-
	GES Solar 2	London, UK	Solar related business	61,326	61,326	1,022	100	26,074	279	279	-
GES USA	GES Solar 3	London, UK	Solar related business	3,328	3,328	67	100	(3,470)	(621)	(621)	-
	GES CANADA	Yaboda, Canada	Investment company	371,356	371,356	10,540	100	96,004	(2,370)	(2,370)	-
	GES JAPAN	Kitakyushu, Japan	Investment company	665,781	665,781	276	100	744,274	(4,751)	(4,751)	-
	ET ENERGY	Indiana, USA	Solar related business	-	141,220	-	-	-	(9,935)	(9,935)	5
	TIPPING POINT	Ohio, USA	Solar related business	-	34,471	-	-	-	(125)	(125)	5
	MEGATWO	California, USA	Solar related business	527,133	441,462	17,153	100	393,492	(5,128)	(5,128)	-
	MEGATHREE	Delaware, USA	Solar related business	38,606	38,606	1,284	40	38,717	3,908	3,868	-
	MEGAFIVE	California, USA	Solar related business	19,527	19,527	635	100	18,297	(826)	(826)	-
	MEGASIX	California, USA	Solar related business	-	-	-	-	(1,942)	(285)	(285)	6
	MEGAEIGHT	California, USA	Solar related business	25,843	25,843	790	100	22,016	(756)	(756)	-
	MEGATWELVE	Indiana, USA	Solar related business	5,204	5,204	168	100	2,984	(607)	(607)	-
	MEGATHIRTEEN	Indiana, USA	Solar related business	58,890	58,890	2,000	100	58,788	(786)	(786)	-
	MEGASIXTEEN	Indiana, USA	Solar related business	351,772	351,772	11,981	100	339,885	(12,576)	(12,576)	7
	MEGASEVENTEEN	Indiana, USA	Solar related business	-	-	-	-	(1,573)	(1,551)	(1,551)	6
	MEGANINETEEN	California, USA	Solar related business	4,025	4,025	132	100	2,421	(160)	(160)	-
	MEGATWENTY	California, USA	Solar related business	3,769	3,769	124	100	4,659	266	266	-
	ASSET ONE	California, USA	Solar related business	34,229	34,229	1,060	100	31,034	215	215	-
	ASSET TWO	California, USA	Solar related business	-	-	-	-	(306)	(103)	(103)	6
	ASSET THREE	Hawaii, USA	Solar related business	87,289	87,289	2,839	100	58,516	(6,702)	(6,702)	-
	ASSET FOUR	California, USA	Solar related business	-	-	-	-	(275)	(103)	(103)	6
	CENERGY	California, USA	Solar related business	-	-	-	-	29,114	(103)	(103)	6
	SH4	California, USA	Solar related business	20,665	20,665	619	100	18,362	64	64	-
	CEDAR FALLS	Iowa, USA	Solar related business	70,428	70,428	2,287	100	62,942	(511)	(511)	-
	Schenectady	New York, USA	Solar related business	-	-	-	-	(5,947)	(329)	(329)	6
	VOC	New York, USA	Solar related business	-	-	-	-	(2,089)	(740)	(740)	6
	SEG	New York, USA	Solar related business	24,144	24,144	800	100	23,716	(625)	(625)	-
	KINECT	Hawaii, USA	Solar related business	8,143	8,143	266	100	9,057	301	301	-
	RER CT 57	Connecticut, USA	Solar related business	62,093	62,093	2,031	100	59,802	1,992	1,992	-
	TEV II	Indiana, USA	Solar related business	3,018	3,018	100	50	(31,528)	(8,759)	(2,628)	9
	Illini Power LLC	California, USA	Solar related business	-	-	-	-	(24)	(24)	(24)	-
PS CS LLC	California, USA	Solar related business	-	-	-	-	(24)	(24)	(24)	-	
LITH CS LLC	California, USA	Solar related business	-	-	-	-	(24)	(24)	(24)	-	
ZION CS LLC	California, USA	Solar related business	-	-	-	-	(26)	(27)	(27)	-	
HEYWOOD	Massachusetts, USA	Solar related business	55,424	55,424	-	55	34,015	(754)	(415)	-	
MP Solar	California, USA	Solar related business	99,128	99,128	-	55	100,303	(486)	(267)	-	
Ventura	California, USA	Solar related business	91,867	91,867	3,013	55	93,124	(327)	(180)	-	
NSP NEVADA	HEYWOOD	Massachusetts, USA	Solar related business	44,917	44,917	-	45	44,025	(754)	(339)	-
	MP Solar	California, USA	Solar related business	82,513	82,513	-	45	82,066	(486)	(219)	-
	Ventura	California, USA	Solar related business	76,464	76,464	-	45	76,193	(327)	(147)	-
GES JAPAN	Livermore	Delaware, USA	Solar related business	4,653	4,653	-	75	1,592	(16)	(12)	-
	Industrial Park	USA	Solar related business	12,408	12,408	-	100	12,241	(166)	(168)	-
	Hillsboro	USA	Solar related business	57,766	57,766	-	100	57,068	(111)	(111)	-
GES JAPAN	Hashimoto	Wakayama	Solar related business	55,893	55,893	5	100	62,410	(4,046)	(4,046)	-
GES CANADA	JRC	Dominican	Solar related business	371,967	371,967	74	99	48,770	(1,565)	(1,564)	-
MEGATWO	MUNISOL	Mexico	Solar related business	504,465	418,778	17,153	100	415,174	(4,923)	(4,923)	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value			
ASSET THREE	SHIMA'S	Hawaii, USA	Solar related business	\$ 4,496	\$ 4,496	153	100	\$ 4,172	\$ (233)	\$ (233)	-
	WAIMEA	Hawaii, USA	Solar related business	16,185	16,185	526	100	16,821	234	234	-
	HONOKAWAI	Hawaii, USA	Solar related business	12,260	12,260	418	100	13,655	446	446	-
	ELEELE	Hawaii, USA	Solar related business	19,589	19,589	637	100	20,635	290	290	-
	HANALEI	Hawaii, USA	Solar related business	8,595	8,595	280	100	7,998	(140)	(140)	-
	KAPAA	Hawaii, USA	Solar related business	23,391	23,391	761	100	22,715	(601)	(601)	-
	KOLOA	Hawaii, USA	Solar related business	17,506	17,506	569	100	18,393	256	256	-
MEGASIXTEEN	GES AC	Indiana, USA	Solar related business	738,518	738,518	-	68	773,457	(8,347)	(83)	7
GES AC	ANDERSON N.	Indiana, USA	Solar related business	410,752	410,752	13,507	100	410,169	(2,914)	(2,914)	7
	ANDERSON S.	Indiana, USA	Solar related business	348,325	348,325	11,454	100	347,929	(2,452)	(2,452)	7
	Flora	Indiana, USA	Solar related business	58,235	58,235	1,915	100	58,529	(312)	(312)	7
	Greenfield	Indiana, USA	Solar related business	262,480	262,480	8,621	100	262,035	(1,952)	(1,952)	7
	Spiceland	Indiana, USA	Solar related business	38,767	38,767	1,275	100	38,757	(290)	(290)	7
TEV II	TEV Solar	TEV Solar Alpha	Solar related business	3,018	3,018	100	100	2,945	(50)	(50)	9
TEV Solar	AC GES Solar	Indiana, USA	Solar related business	593,754	593,754	19,675	66	610,268	841	8	10
AC GES Solar	Richmond	Indiana, USA	Solar related business	581,226	581,226	19,259	100	596,203	169	169	10
	Rensselaer	Indiana, USA	Solar related business	299,760	299,760	9,933	100	308,490	1,092	1,092	10
	Advance	Indiana, USA	Solar related business	16,106	16,106	534	100	16,432	(81)	(81)	10
NSP BVI	CFY	Cayman Islands	Investment company	1,209,780	1,209,780	9,672	26.01	1,374,996	310,767	67,884	-
	CFGP	British Virgin Islands	Solar operation management services	186,120	186,120	30	60	104,868	(13,247)	(12,694)	-
	NSP Stars	British Virgin Islands	Trust company	-	-	-	-	-	-	-	-
	NSP HK	Hong Kong	Solar related business	-	-	-	100	-	98	98	11
DelSolar Cayman	DelSolar HK	Hong Kong	Investment company	3,883,704	3,883,704	125,200	100	857,558	(321,958)	(321,958)	-
	DelSolar US	Delaware, USA	Investment company	769,296	459,096	10,001	100	501,209	(218,998)	(218,998)	-
	NSP NEVADA	Nevada, USA	Solar related business	158,978	158,978	5,125	100	164,293	(5,246)	(5,246)	-
	URE NSP	California, USA	Solar related business	15,510	15,510	500	100	23,338	7,838	7,838	-
DelSolar Singapore	NSP Malaysia	Malaysia	Technical management services	23,575	23,575	760	100	18,604	(17)	(17)	-
	NSP Vietnam	Vietnam	Technical management services	4,963	4,963	-	100	76	861	861	-
NSP UK	NSP Germany	Cologne, Germany	Solar related business	648	648	25	90	1,589	(1,082)	(974)	-
	PV Power Park	Frankfurt, Germany	Solar related business	762	762	-	100	707	(27)	(27)	-
	NSP Indygen	UK	Solar related business	-	-	-	100	61,609	44,714	44,714	-
NSP System	Hsin Jin Optoelectronics	Tainan, Taiwan	Solar related business	10,647	10,647	-	80	10,018	710	568	-
	Hisn Jin Solar Energy	Tainan, Taiwan	Solar related business	13,981	13,981	-	60	12,815	(1,733)	1,064	-
	Si Two	Tainan, Taiwan	Solar related business	20,000	20,000	2,000	100	19,536	(212)	(212)	-
	Tienyang	Tainan, Taiwan	Solar related business	100	-	10	100	(382)	(474)	(482)	12
	Deyang	Tainan, Taiwan	Solar related business	100	-	10	100	(375)	(469)	(475)	12
	Shanyang	Tainan, Taiwan	Solar related business	100	-	10	100	(375)	(469)	(475)	12
	Jeyang	Tainan, Taiwan	Solar related business	100	-	10	100	(375)	(469)	(475)	12
	Lianzhang	Hsinchu, Taiwan	Solar related business	100	-	10	100	85	(15)	(15)	12
	Lianxi	Hsinchu, Taiwan	Solar related business	100	-	10	100	85	(15)	(15)	12
	Liancheng	Hsinchu, Taiwan	Solar related business	100	-	10	100	85	(15)	(15)	12
NSP HK	XYH Suzhou	Jiangsu, China	Solar related business	-	-	-	100	-	(196)	(196)	-
UREE	UAE	Kaohsiung, Taiwan	Solar and agriculture related business	100	-	10	100	71	(29)	(29)	8
CFGP	CFGP (HK)	Hong Kong	Solar operation management services	16,441	16,441	-	100	(10,969)	(4,126)	(4,126)	-
DelSolar HK	DelSolar Wu Jiang	Jiangsu, China	Solar related business	3,722,400	3,722,400	-	100	841,275	(279,633)	(279,633)	11
	NSP JAPAN	Osaka, Japan	Solar related business	3,009	3,009	1	100	11,010	(188)	(188)	-
	NSP Nanchang	Jiangxi, China	Solar related business	155,100	155,100	-	11.36	3,910	(369,446)	(41,969)	11
DelSolar US	DelSolar Development	Delaware, USA	Solar related business	150,447	150,447	-	100	117,021	(6,159)	(6,159)	-
	CFR	Delaware, USA	Solar related business	445,757	135,557	-	100	44,808	(162,235)	(162,235)	-
	USD1	Delaware, USA	Solar related business	111,114	111,114	-	100	204,373	(1,061)	(1,061)	-
	JV2	Delaware, USA	Solar related business	25,748	25,748	-	67	-	(2,826)	-	13
DelSolar Wu Jiang	Beryl	Delaware, USA	Solar related business	-	-	-	100	160,789	26,567	26,567	-
	NSP Nanchang	Jiangxi, China	Solar related business	1,209,780	1,209,780	-	88.64	(26,184)	(369,446)	(327,477)	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of September 30, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				September 30, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value			
DelSolar Development	DSS-USF PHX LLC	USA	Solar related business	\$ 42,497	\$ 42,497	-	100	\$ 45,094	\$ (1,409)	\$ (1,409)	-
	DSS-RAL LLC	USA	Solar related business	79,256	79,256	-	100	73,722	(5,280)	(5,280)	-
CFR	Rugged solar LLC	California, USA	Solar related business	86,365	60,649	-	100	86,365	-	-	6
USD1	DevCo One	USA	Solar related business	13,779	13,779	-	40	1,865	-	-	-
	DevCo Two	USA	Solar related business	13,779	13,779	-	40	1,865	-	-	-
CFGP (HK)	CFGP (Shanghai)	Shanghai, China	Solar operations management services	16,441	16,441	-	100	(10,969)	(4,126)	(4,126)	-
NSP Stars	CFY	Cayman Islands	Investment company	-	-	-	2.66	1,374,996	310,767	-	14

Note 1: Subsidiaries mentioned above were recognized on the basis of unaudited financial statements as September 30, 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 in January 2019. In July, 2019, 100% subsidiary Dashiangying, Shanshang, Yanshan, Shinkai, Jianguang and Dingshr were newly established.

Note 4: The Corporation recognized an impairment loss on equity investment in 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. The registration of Solartech Japan was cancelled in the second 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: UREE had invested capital in UAE in July 2019; UAE became 100%-owned subsidiaries of UREE.

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

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

Note 11: For investments in Mainland China, refer to Table 8.

Note 12: NSP System had injected capital in Tienyang, Deyang, Shanyang, Jeyang in January 2019, and had invested capital in Lianzhang, Lianxi, Liancheng in June 2019. Tienyang, Deyang, Shanyang, Jeyang, Lianzhang, Lianxi, Liancheng became a 100%-owned subsidiary of NSP System.

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 NINE MONTHS ENDED SEPTEMBER 30, 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 September 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of September 30, 2019	Accumulated Repatriation of Investment Income as of September 30, 2019
					Outward	Inward						
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,722,400	Indirect investments through the Group's 100% - owned subsidiary	USD 120,000 \$ 3,722,400	\$ -	\$ -	USD 120,000 \$ 3,722,400	USD (9,003) \$ (279,633)	100	USD (9,003) \$ (279,663) (Note 1)	USD 27,120 \$ 841,275 (Note 1)	\$ -
NSP Nanchang	Solar related business	USD 44,000 \$ 1,364,880	Indirect investments through the Group's 100% - owned subsidiary	USD 5,000 \$ 155,100	-	-	USD 5,000 \$ 155,100	USD (11,894) \$ (369,446)	100	USD (11,894) \$ (369,446) (Note 1)	USD (718) \$ (22,274) (Note 1)	-
JiangXi Solar PV Corp.	Solar related business	USD 18,450 \$ 572,319	Indirect investments through the Group's 100% - owned subsidiary	USD 18,450 \$ 572,319	-	-	USD 18,450 \$ 572,319	USD (61) \$ (1,898)	19.92	USD - \$ -	USD - \$ -	-

Accumulated Outward Remittance for Investments in Mainland China as of September 30, 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 \$ 4,449,819	USD 149,618 \$ 4,641,150	\$ 13,471,862

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

Note 2: 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 3: The exchange rate used is the rate on September 30, 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 NINE MONTHS ENDED SEPTEMBER 30, 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	\$ 25,127	0.25	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	\$ 1,703	0.08	\$ -	-
	Other operating income	1,203	0.01	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	1,016	0.03	-	-

Note: The 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 NINE MONTHS ENDED SEPTEMBER 30, 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 nine months ended September 30, 2019</u>							
0	The Corporation	DelSolar US	1	Other receivables	\$ 1,002,768	Note 2	2%
		Gintech (Thailand)	1	Sales	859,083	Note 2	6%
			1	Sale of property, plant and equipment	117,023	Note 2	1%
		GES ME	1	Other receivables	649,996	Note 2	1%
		NSP NEVADA	1	Other receivables	584,225	Note 2	1%
		Yong Yao	1	Other receivables	486,485	Note 2	1%
		Utech	1	Purchase	318,849	Note 2	2%
		NSP Nanchang	1	Sale of property, plant and equipment	142,510	Note 2	1%
		NSP System	1	Sales	87,184	Note 2	1%
		Zhongyang	1	Sales	74,347	Note 2	1%
1	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	488,259	Note 2	1%
2	DelSolar US	CFR	3	Other receivables	951,956	Note 2	2%
3	USD 1	CFR	3	Other receivables	272,097	Note 2	1%
4	GES UK	JRC	3	Other receivables	445,739	Note 2	1%
		GES USA	3	Other receivables	410,503	Note 2	1%
5	GES USA	MUNISOL	3	Other receivables	856,517	Note 2	2%
6	TEV II	TEV Solar	3	Other receivables	610,322	Note 2	1%
<u>For the nine months ended September 30, 2018</u>							
0	The Corporation	DelSolar US	1	Other receivables	964,729	Note 2	3%
		NSP UK	1	Other receivables	588,601	Note 2	2%
		GES ME	1	Other receivables	570,300	Note 2	2%
		NSP NEVADA	1	Other receivables	542,832	Note 2	2%
		Yong Liang	1	Sales	106,403	Note 2	1%
		NSP Nanchang	1	Purchase	66,272	Note 2	1%
		NSP System	1	Dividend income	48,838	Note 2	1%
1	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	378,789	Note 2	1%
2	NSP UK	NSP Indygen	3	Other receivables	697,156	Note 2	2%
3	DelSolar US	CFR	3	Other receivables	937,563	Note 2	3%
4	NSP NEVADA	GES USA	3	Other receivables	248,304	Note 2	1%
5	GES UK	GES USA	3	Other receivables	392,997	Note 2	1%
		JRC	3	Other receivables	445,780	Note 2	1%
		GES JAPAN	3	Other receivables	180,456	Note 2	1%
6	GES USA	MUNISOL	3	Other receivables	725,105	Note 2	2%
7	GES JAPAN	GES KYUSHU	3	Other receivables	177,161	Note 2	1%
		Hashimoto	3	Other receivables	202,794	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