

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2019 and 2018 and  
Independent Auditors' Report**

## DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2019 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates have all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

United Renewable Energy Co., Ltd.

By:



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CHUM SAM HONG  
Chairman

March 26, 2020

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the accompanying consolidated financial statements of United Renewable Energy Co., Ltd. (the "Corporation") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors (refer to the Other Matter section of this report), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### 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. Power facility contracts, which are currently identified as containing a lease under IAS 17 and IFRIC 4, do not meet the definition of a lease under IFRS 16 and are 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.

## **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

### Revenue recognition

The Group's major sales come from solar cells, modules and power facilities. After the three-in-one merger on October 1, 2018, the gross profit of module sales has changed from negative to positive, and the sales volume continued to increase. In order for the Group to show the results of the three-in-one merger, there may be a risk of false sales of solar module orders and the false increase in revenue. Therefore, we considered revenue recognition as a key audit matter. For the accounting policies for the recognition of revenue, refer to Note 4-p. For the description of sales revenue, refer to Note 26.

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

1. We understood and tested the design and operating effectiveness of the internal controls.
2. We checked the transaction documents of sales revenue, including sales orders, shipping documents, and receipt documents to understand the control of the identified products, the transfer of significant risks and rewards to the buyer and to identify the Group's revenue recognition.
3. We performed post-financial reporting period audit and checked the reasonableness of significant sales returns and discounts after the period.

### Assessment of impairment losses on property, plant and equipment

As of December 31, 2019, the property, plant and equipment in the consolidated balance sheet was NT\$19,064,958 thousand. The management assesses the Group's financial performance by identifying any signs of impairment on the tangible assets at each balance sheet date. If any evidence of impairment exists, the recoverable amount of the asset needs to be estimated. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. Because the above tangible assets account for 40% of the total consolidated assets and the calculation of the recoverable amount involves many assumptions and estimates, the method will directly affect the amount recognized for impairment losses. Therefore, we considered the assessment of impairment losses on property, plant and equipment as a key audit matter. For the accounting policies on impairment losses on property, plant and equipment, refer to Notes 4-l and 5. For the description of impairment losses on property, plant and equipment, refer to Note 15.

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

1. We understood and tested the effectiveness of the design of major internal controls for the impairment assessment of property, plant and equipment.
2. We understood and reviewed the Group's self-assessment of asset impairment for cash-generating units that show signs of impairment.
3. We consulted the internal experts of the firm to understand and evaluate the rationality of the assumptions and methods of impairment assessment, including the process for assessing the operating forecasts for the next five years, and the assumptions of calculating the weighted average cost of capital ratio.

## **Other Matter**

Some subsidiaries included in the Group's consolidated financial statements were audited by other auditors. The amounts within the consolidated financial statements for those subsidiaries were based solely on the reports of other auditors. As of December 31, 2019 and 2018, total assets of the aforementioned subsidiaries were 22.09% and 16.07% of the consolidated total assets, respectively. For the years ended December 31, 2019 and 2018, the operating revenues of these subsidiaries were 3.25% and 10.32% of the consolidated total operating revenue, respectively.

The financial statements of some investee companies accounted for using the equity method were audited by other auditors. The amounts within the consolidated financial statements for those investee companies were based solely on the reports of other auditors. As of December 31, 2019 and 2018, the aforementioned investments accounted for using the equity method were NT\$66,769 thousand and NT\$114,284 thousand, respectively. For the years ended December 31, 2019 and 2018, there was a loss of NT\$47,515 thousand and a gain of NT\$7,541 thousand, respectively, from the aforesaid investments accounted for using the equity method.

Some subsidiaries included in the Group's consolidated financial statements, which we have not audited but were audited by other auditors in accordance with different auditing standards, are based on a framework different from the accompanying consolidated financial statements. We have performed compulsory audit procedures and have made adjustments to the other financial statements for them to conform with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The consolidated financial statement amounts for the aforementioned subsidiaries were based on the reports of other auditors and the results of additional audit procedures performed in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. As of December 31, 2018, total assets of the aforementioned subsidiaries was 4.02% of the consolidated total assets. For the years ended December 31, 2018, the operating revenue of these subsidiaries was 3.31% of the consolidated total operating revenue.

We have also audited the parent company only financial statements of the Corporation as of and for the years ended December 31, 2019 and 2018 on which we have issued an unqualified opinion with other matters paragraphs.

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 26, 2020

*Notice to Readers*

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

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

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

**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019		December 31, 2018 (Audited After Restatement)		January 1, 2018 (Audited After Restatement)		LIABILITIES AND EQUITY	December 31, 2019		December 31, 2018 (Audited After Restatement)		January 1, 2018 (Audited After Restatement)	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>							<b>CURRENT LIABILITIES</b>						
Cash and cash equivalents (Notes 4, 6, 31, 32, 33 and 35)	\$ 6,371,316	14	\$ 9,555,845	17	\$ 4,430,627	13	Short-term bank loans (Notes 20, 35 and 37)	\$ 2,988,798	7	\$ 6,869,628	12	\$ 8,229,315	24
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 35)	2,392	-	-	-	106	-	Short-term bills payable (Notes 20 and 35)	415,458	1	276,436	-	606,396	2
Financial assets at fair value through other comprehensive income - current (Notes 4, 8, 35 and 37)	114,414	-	133,333	-	-	-	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 35)	755	-	-	-	5,742	-
Contract assets - current (Notes 3, 4 and 35)	483,247	1	96,617	-	64,295	-	Contract liabilities - current (Notes 3, 4 and 36)	323,832	1	345,252	1	308,515	1
Notes and accounts receivable, net (Notes 4, 10 and 35)	2,060,117	4	2,601,829	4	1,370,096	4	Notes and accounts payable (Note 34)	1,499,112	3	2,048,266	3	1,104,640	3
Accounts receivable from related parties (Notes 4, 10, 35 and 36)	515,469	1	532,466	1	170,506	1	Accounts payable to related parties (Notes 35 and 36)	6,652	-	441	-	12,820	-
Finance lease receivables (Notes 4, 11, 35, and 37)	438	-	699	-	-	-	Bonuses payable to employees and directors (Note 27)	-	-	2,649	-	8,242	-
Other receivables (Notes 4, 10, 35 and 36)	153,196	-	217,816	-	99,626	-	Payables to contractors and equipment suppliers (Notes 34 and 36)	78,098	-	402,074	1	507,879	2
Other receivables from related parties (Notes 4, 10, 35 and 36)	656,913	1	1,083,053	2	1,765,926	5	Accrued expenses (Notes 4, 22, 35 and 36)	1,313,742	3	2,093,109	4	2,536,941	8
Current tax assets (Notes 4 and 28)	27,850	-	76,327	-	8,557	-	Current tax liabilities (Notes 4 and 28)	16,958	-	1,910	-	19,462	-
Inventories (Notes 4, 12 and 37)	4,944,580	11	3,385,486	6	2,972,591	9	Lease liability - current (Notes 4, 5, 16 and 33)	65,778	-	-	-	-	-
Prepayments (Notes 18, 19, 36 and 38)	752,686	2	638,326	1	205,275	1	Receipts in advance (Note 36)	2,327	-	478	-	138,071	-
Non-current assets held for sale (Notes 4 and 37)	-	-	-	-	280,778	1	Current portion of long-term bank loans, preference share liabilities and bonds payable (Notes 20, 21, 35 and 37)	5,737,284	12	9,906,475	17	3,101,105	9
Other current assets (Notes 19, 35 and 37)	1,419,710	3	4,981,243	9	1,079,956	3	Other current liabilities (Notes 4 and 22)	69,372	-	131,650	-	100,444	-
<b>Total current assets</b>	<b>17,502,328</b>	<b>37</b>	<b>23,303,040</b>	<b>40</b>	<b>12,448,339</b>	<b>37</b>	<b>Total current liabilities</b>	<b>12,518,166</b>	<b>27</b>	<b>22,078,368</b>	<b>38</b>	<b>16,679,572</b>	<b>49</b>
<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)	268,379	1	243,130	1	141,514	-	Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 35)	143,814	-	191,790	-	94,014	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8, 35 and 37)	2,411,482	5	1,595,898	3	203,428	1	Bonds payable (Note 21)	-	-	-	-	3,425,011	10
Financial assets at amortized cost - non-current (Notes 4, 9 and 35)	149,975	-	153,700	-	149,240	-	Long-term bank loans (Notes 20, 35 and 37)	11,776,935	25	9,528,510	17	2,158,036	6
Investments accounted for using the equity method (Notes 4, 14 and 37)	2,130,415	5	2,371,256	4	1,885,340	5	Provisions - non-current (Notes 4 and 23)	176,069	1	305,138	1	246,033	1
Property, plant and equipment (Notes 4, 15, 36 and 37)	19,064,958	40	25,219,508	44	14,887,687	44	Deferred tax liabilities (Notes 4 and 28)	47,732	-	63,727	-	53,125	-
Right-of-use assets (Notes 4, 5 and 16)	981,114	2	-	-	-	-	Lease liability - non-current (Notes 4, 5, 16 and 33)	952,521	2	-	-	-	-
Intangible assets (Notes 4, 17 and 31)	115,357	-	202,962	-	261,350	1	Guarantee deposits	44,260	-	38,795	-	36,595	-
Deferred tax assets (Notes 4 and 28)	1,056,550	2	1,076,369	2	90,529	-	Preference share liabilities (Notes 4, 20 and 35)	28,178	-	44,483	-	26,419	-
Finance lease receivables - non-current (Notes 4, 11, 15, 35 and 37)	34,702	-	36,018	-	-	-	Other non-current liabilities (Note 22)	54,574	-	230,465	-	189,330	1
Prepayments - non-current (Notes 5, 18, 19 and 38)	2,184,811	5	2,507,436	4	1,010,072	3	<b>Total non-current liabilities</b>	<b>13,224,083</b>	<b>28</b>	<b>10,402,908</b>	<b>18</b>	<b>6,228,563</b>	<b>18</b>
Refundable deposits (Notes 4, 35 and 37)	911,486	2	1,004,824	2	852,023	2	<b>Total liabilities</b>	<b>25,742,249</b>	<b>55</b>	<b>32,481,276</b>	<b>56</b>	<b>22,908,135</b>	<b>67</b>
Other receivables from related parties - non-current (Notes 4, 10, 35 and 37)	23,041	-	11,681	-	194,664	1	<b>EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT</b>						
Prepayments for leases (Notes 4 and 28)	-	-	19,469	-	19,700	-	(Notes 25, 31 and 32)						
Other non-current assets (Notes 19 and 37)	391,886	1	199,454	-	1,940,462	6	Ordinary shares	26,653,375	57	25,157,599	43	10,192,564	30
<b>Total non-current assets</b>	<b>29,724,156</b>	<b>63</b>	<b>34,641,705</b>	<b>60</b>	<b>21,636,009</b>	<b>63</b>	Capital surplus	118,989	-	1,011,023	2	6,028,165	18
							Retained earnings						
							Accumulated deficit	(6,000,644)	(13)	(675,712)	(1)	(4,709,973)	(14)
							Other equity	(31,028)	-	(874,568)	(2)	(591,391)	(2)
							Treasury shares	(18,699)	-	(18,699)	-	-	-
							<b>Total equity attributable to shareholders of the parent</b>	<b>20,721,993</b>	<b>44</b>	<b>24,599,643</b>	<b>42</b>	<b>10,919,365</b>	<b>32</b>
							<b>NON-CONTROLLING INTERESTS (Note 13)</b>	<b>762,242</b>	<b>1</b>	<b>863,826</b>	<b>2</b>	<b>256,848</b>	<b>1</b>
							<b>Total equity</b>	<b>21,484,235</b>	<b>45</b>	<b>25,463,469</b>	<b>44</b>	<b>11,176,213</b>	<b>33</b>
<b>TOTAL</b>	<b>\$ 47,226,484</b>	<b>100</b>	<b>\$ 57,944,745</b>	<b>100</b>	<b>\$ 34,084,348</b>	<b>100</b>	<b>TOTAL</b>	<b>\$ 47,226,484</b>	<b>100</b>	<b>\$ 57,944,745</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 auditors' report dated March 26, 2020)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	For the Year Ended December 31			
	2019		2018 (Audited After Restatement)	
	Amount	%	Amount	%
NET SALES (Notes 4, 26, 35 and 37)	\$ 18,139,112	100	\$ 13,137,025	100
COST OF SALES (Notes 4, 12, 27 and 35)	<u>19,121,643</u>	<u>105</u>	<u>14,029,471</u>	<u>107</u>
GROSS LOSS	(982,531)	(5)	(892,446)	(7)
REALIZED (UNREALIZED) GAINS FROM SALES	<u>(1,792)</u>	<u>-</u>	<u>8,310</u>	<u>-</u>
REALIZED GROSS LOSS	<u>(984,323)</u>	<u>(5)</u>	<u>(884,136)</u>	<u>(7)</u>
OPERATING EXPENSES (Notes 27 and 36)				
Selling	1,090,967	6	662,207	5
General and administrative	1,167,887	7	810,900	6
Research and development	218,674	1	211,737	2
Expected credit loss on trade receivables	<u>(6,593)</u>	<u>-</u>	<u>34,003</u>	<u>-</u>
Total operating expenses	<u>2,470,935</u>	<u>14</u>	<u>1,718,847</u>	<u>13</u>
OTHER INCOME AND EXPENSES (Notes 15 and 27)	<u>(1,766,692)</u>	<u>(10)</u>	<u>(260,378)</u>	<u>(2)</u>
LOSS FROM OPERATIONS	<u>(5,221,950)</u>	<u>(29)</u>	<u>(2,863,361)</u>	<u>(22)</u>
NON-OPERATING INCOME AND EXPENSES				
Gain on disposal of investments	212,773	1	275,281	2
Other income (Notes 27 and 36)	166,081	1	97,386	1
Gain on financial instruments at fair value through profit or loss (Notes 4 and 7)	106,212	1	62,391	-
Dividends income (Note 36)	75,153	-	3,680	-
Interest income (Notes 27 and 36)	53,461	-	104,773	1
Foreign exchange gain (loss), net (Note 27)	25,950	-	(61,243)	(1)
Gain from bargain purchase	-	-	2,261,090	17
Reversal of contract compensation interest (Note 38)	-	-	239,274	2
Gain on disposal of power facility business (Note 14)	-	-	18,305	-
Gain on disposal of power facilities business held for sale	-	-	6,387	-
Expect credit loss on trade receivables (Notes 4 and 10)	(30,097)	-	(8,400)	-
Other gains and losses	(32,256)	-	(48,306)	-
Share of loss of associates and joint ventures (Notes 4 and 14)	(187,589)	(1)	(15,711)	-
Finance costs (Notes 20 and 27)	<u>(874,294)</u>	<u>(5)</u>	<u>(653,408)</u>	<u>(5)</u>
Total non-operating income and expenses	<u>(484,606)</u>	<u>(3)</u>	<u>2,281,499</u>	<u>17</u>
LOSS BEFORE INCOME TAX	(5,706,556)	(32)	(581,862)	(5)
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(62,633)</u>	<u>-</u>	<u>(23,306)</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(5,769,189)</u>	<u>(32)</u>	<u>(605,168)</u>	<u>(5)</u>

(Continued)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	For the Year Ended December 31			
	2019		2018 (Audited After Restatement)	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Note 27)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized loss on investments in equity instruments at fair value through other comprehensive income	\$ 803,421	5	\$ (397,006)	(3)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>16,651</u>	<u>-</u>	<u>126,308</u>	<u>1</u>
Total other comprehensive income (loss)	<u>820,072</u>	<u>5</u>	<u>(270,698)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (4,949,117)</u>	<u>(27)</u>	<u>\$ (875,866)</u>	<u>(7)</u>
NET LOSS ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (5,686,065)	(31)	\$ (577,240)	(5)
Non-controlling interests	<u>(83,124)</u>	<u>(1)</u>	<u>(27,928)</u>	<u>-</u>
	<u>\$ (5,769,189)</u>	<u>(32)</u>	<u>\$ (605,168)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (4,848,665)	(27)	\$ (863,869)	(7)
Non-controlling interests	<u>(100,452)</u>	<u>-</u>	<u>(11,997)</u>	<u>-</u>
	<u>\$ (4,949,117)</u>	<u>(27)</u>	<u>\$ (875,866)</u>	<u>(7)</u>
LOSS PER SHARE (Note 29)				
Basic loss per share	<u>\$ (2.26)</u>		<u>\$ (0.42)</u>	
Diluted loss per share	<u>\$ (2.26)</u>		<u>\$ (0.42)</u>	

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

(With Deloitte & Touche auditors' report dated March 26, 2020)

(Concluded)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Parent													Non-controlling Interests	Total Equity
	Ordinary Shares		Capital Surplus			Other Equity							Total		
	Shares (In Thousands)	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 Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unearned Employees Benefits	Treasury Shares				
BALANCE AT JANUARY 1, 2018	1,019,256	\$ 10,192,564	\$ 6,020,328	\$ -	\$ 7,837	\$ (4,611,501)	\$ (437,906)	\$ -	\$ (71,882)	\$ (20,038)	\$ -	\$ 11,079,402	\$ 258,408	\$ 11,337,810	
Effect of retrospective application	-	-	-	-	-	98,826	-	(130,891)	71,882	-	-	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	-	-	-	-	-	-	-	-	
Issuance of ordinary shares for cash	334,292	3,342,917	(561,610)	-	-	-	-	-	-	-	-	2,781,307	-	2,781,307	
Issuance of shares in business combination	1,157,899	11,578,990	115,790	-	-	-	-	-	-	-	-	11,694,780	27,393	11,722,173	
Treasury shares owned by subsidiaries	-	-	-	-	-	-	-	-	-	-	(18,699)	(18,699)	-	(18,699)	
Issued restricted shares for employees	6,121	61,211	-	-	(17,628)	-	-	-	-	(15,316)	-	28,267	-	28,267	
Cancellation of restricted shares for employees	(1,809)	(18,083)	-	-	15,807	-	-	-	-	2,276	-	-	-	-	
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	16,492	-	16,492	-	16,492	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	591,582	591,582	
Net loss for the year ended December 31, 2018 (after restatement)	-	-	-	-	-	(577,240)	-	-	-	-	-	(577,240)	(27,928)	(605,168)	
Other comprehensive loss for the year ended December 31, 2018, net of income tax (after restatement)	-	-	-	-	-	-	110,377	(397,006)	-	-	-	(286,629)	15,931	(270,698)	
Total comprehensive loss for the year ended December 31, 2018	-	-	-	-	-	(577,240)	110,377	(397,006)	-	-	-	(863,869)	(11,997)	(875,866)	
BALANCE AT DECEMBER 31, 2018 (AFTER RESTATEMENT)	2,515,759	25,157,599	963,007	42,000	6,016	(675,712)	(330,085)	(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	-	-	-	-	-	-	-	-	
Issuance of ordinary shares for cash	150,000	1,500,000	(522,000)	-	-	-	-	-	-	-	-	978,000	-	978,000	
Reclassification of share premium	-	-	6,452	-	(6,452)	-	-	-	-	-	-	-	-	-	
Issued restricted shares for employees	2,205	22,050	-	-	(4,741)	-	-	-	-	(17,309)	-	-	-	-	
Cancellation of restricted shares for employees	(2,626)	(26,274)	-	-	204	-	-	-	-	6,998	-	(19,072)	-	(19,072)	
Compensation cost of restricted shares for employees	-	-	-	-	333	-	-	-	-	8,483	-	8,816	-	8,816	
Compensation cost of shares for employees	-	-	3,638	-	-	-	-	-	-	-	-	3,638	-	3,638	
Disposal of financial instruments at fair value through other comprehensive income	-	-	-	-	-	(7,968)	-	7,968	-	-	-	-	-	-	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(1,499)	(1,499)	
Net loss for the year ended December 31, 2019	-	-	-	-	-	(5,686,065)	-	-	-	-	-	(5,686,065)	(83,124)	(5,769,189)	
Other comprehensive income for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	33,979	803,421	-	-	-	837,400	(17,328)	820,072	
Total comprehensive loss for the year ended December 31, 2019	-	-	-	-	-	(5,686,065)	33,979	803,421	-	-	-	(4,848,665)	(100,452)	(4,949,117)	
BALANCE AT DECEMBER 31, 2019	2,665,338	\$ 26,653,375	\$ 123,629	\$ -	\$ (4,640)	\$ (6,000,644)	\$ (296,106)	\$ 283,492	\$ -	\$ (18,414)	\$ (18,699)	\$ 20,721,993	\$ 762,242	\$ 21,484,235	

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

(With Deloitte & Touche auditors' report dated March 26, 2020)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>For the Year Ended December 31</u>	
	2019	2018 (Audited After Restatement)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss before income tax	\$ (5,706,556)	\$ (581,862)
Adjustments for:		
Depreciation	3,348,315	2,344,212
Amortization	22,933	16,678
Expected credit loss	23,504	42,403
Net gain on financial assets and liabilities at fair value through profit or loss	(74,862)	(9,476)
Gain on disposal of investments	(212,773)	(275,281)
Gain on disposal of power facilities business	-	(18,305)
Write-down (reversal) of inventories	77,179	(19,129)
Share of loss of associates and joint ventures	187,589	15,711
Loss on disposal of property, plant and equipment	11,988	26
(Reversal) recognized loss on purchase contracts	(14,129)	398,581
Impairment (reversal) loss on prepayments	15,895	(78,924)
Reclassifications from property, plant and equipment to expenses	4,064	255,846
Impairment loss on property, plant and equipment	1,617,369	257,949
Impairment loss on intangible asset	137,904	-
Loss on disposal of non-current assets held for sale	-	2,403
Gain on disposal of power facilities business held for sale	-	(6,387)
Gain from bargain purchase	-	(2,261,090)
Unrealized (realized) gain from associates	1,792	(8,310)
Compensation costs of restricted shares for employees	(301)	16,492
Compensation costs of employee share options	3,638	-
Interest income	(55,982)	(105,645)
Dividends income	(75,153)	(3,680)
Finance costs	874,294	653,408
Reversal of contracts compensation interest	-	(239,274)
Gain on modification of leases	(569)	-
Net (gain) loss on foreign exchange	(132,141)	82,840
	<u>5,760,554</u>	<u>1,061,048</u>
Changes in operating assets and liabilities		
Contract assets - current	(386,630)	(32,322)
Notes and accounts receivable	521,608	432,338
Accounts receivable from related parties	24,373	(354,018)
Other receivables	123,076	669,021
Other receivables from related parties	390,026	(754,436)
Inventory	(376,619)	423,517
Prepayments (including non-current)	(43,799)	89,089
Other current assets	(26,317)	(364,975)
Contract liabilities - current	(21,420)	36,737
Notes and accounts payable	(523,697)	(435,272)
Accounts payable to related parties	5,202	149,673

(Continued)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>For the Year Ended December 31</u>	
	<b>2018</b>	
	<b>2019</b>	<b>(Audited After Restatement)</b>
Bonuses payable to employees and directors	\$ (2,649)	\$ (5,593)
Accrued expenses	(744,420)	(471,796)
Receipts in advance	1,849	(390,645)
Deferred revenue	15,084	42,948
Other current liabilities	(62,278)	81,995
Provisions	(128,904)	59,179
Income taxes paid	<u>(43,209)</u>	<u>(112,593)</u>
Net cash used in operating activities	<u>(1,224,726)</u>	<u>(457,967)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of power facilities business	-	127,645
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 (Note 32)	747,551	1,258,722
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	(691,430)	(2,313,671)
Proceeds from disposal of property, plant and equipment	8,580	26
(Increase) decrease in other receivables from related parties - non-current	(11,360)	182,983
Acquisition of intangible assets	(564)	(3,739)
Repayments by related parties	-	1,263,183
Net cash inflow due to consolidation (Note 31)	-	5,397,530
Decrease (increase) in restricted assets	3,051,372	(1,059,757)
Decrease (increase) in pledged time deposits	290,174	(299,866)
Decrease in finance lease receivables	1,577	59,641
Interest received	64,431	221,429
Dividends received	90,360	3,680
Decrease (increase) in refundable deposits	97,448	(120,590)
Decrease (increase) in other non-current assets	<u>39,287</u>	<u>(10,954)</u>
Net cash generated from investing activities	<u>3,694,181</u>	<u>5,001,008</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term bank loans	11,501,594	17,688,129
Decrease in short-term bank loans	(15,345,096)	(21,008,981)
Increase (decrease) in short-term bills payable	139,022	(333,711)
Proceeds from long-term bank loans	13,150,879	5,948,438
Repayments of long-term bank loans	(11,406,920)	(4,599,633)
Repayments of the principle portion of lease liabilities	(59,470)	-
Repayments of bonds payable	(3,728,400)	-

(Continued)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>For the Year Ended December 31</u>	
	<b>2019</b>	<b>2018</b> <b>(Audited After</b> <b>Restatement)</b>
Proceeds from issuance of preference share liabilities	\$ -	\$ 33,756
Repayments of preference share liabilities	(4,923)	(7,015)
Increase (decrease) in guarantee deposits	6,369	(372)
Proceeds from issuance of ordinary shares for cash	978,000	2,781,307
Interest paid	(846,638)	(551,314)
(Decrease) increase in non-controlling interests	<u>(1,499)</u>	<u>591,582</u>
Net cash (used in) generated from financing activities	<u>(5,617,082)</u>	<u>542,186</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(36,902)</u>	<u>39,991</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(3,184,529)	5,125,218
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>9,555,845</u>	<u>4,430,627</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 6,371,316</u>	<u>\$ 9,555,845</u>

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

(With Deloitte & Touche auditors' report dated March 26, 2020)

(Concluded)

# UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. ORGANIZATION AND OPERATION

United Renewable Energy Co., Ltd., (formerly “Neo Solar Power Corp.”) (the “Corporation”) was incorporated in the Republic of China on August 26, 2005. The Corporation specializes in manufacturing high-quality solar cells, solar cell modules and wafers. The Corporation’s main business activities include researching, developing, designing, manufacturing and selling solar cells as well as participating in other solar-related businesses. Its ordinary shares have been listed on the Taiwan Stock Exchange (TWSE) since January 2009. On October 1, 2018, the Corporation merged the former Gintech Energy Corporation (“Gintech Energy”) and Solartech Energy Corporation (“Solartech Energy”) with the Corporation as the surviving company. On March 31, 2019, the Corporation merged 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 13 and 41.

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by Group’s board of directors on March 26, 2020.

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

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

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

- 1) IFRS 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 1.18%. 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	4,796
Less: Recognition exemption for leases of low-value assets	<u>1,618</u>
Undiscounted amounts on January 1, 2019	<u>\$ 988,549</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 903,438
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>\$ 1,085,503</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

	Carrying Amount	Adjustments Arising from Initial Application	Adjusted Carrying Amount
<u>As of January 1, 2019</u>			
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>1,085,503</u>	<u>1,085,503</u>
Total effect on assets	<u>\$ 30,570,852</u>	<u>\$ 743,961</u>	<u>\$ 31,314,813</u>
Lease liabilities - current and non-current	<u>\$ -</u>	<u>\$ 1,085,503</u>	<u>\$ 1,085,503</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 1,085,503</u>	<u>\$ 1,085,503</u>
Retained earnings	\$ (369,468)	\$ (306,244)	\$ (675,712)
Non-controlling interests	897,999	(34,173)	863,826
Other equity	<u>(873,443)</u>	<u>(1,125)</u>	<u>(874,568)</u>
Total effect on equity	<u>\$ (344,912)</u>	<u>\$ (341,542)</u>	<u>\$ (686,454)</u>

Impact on assets, liabilities and equity on January 1, 2018

	<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	\$ (4,512,675)	\$ (197,298)	\$ (4,709,973)
Non-controlling interests	258,408	(1,560)	256,848
Other equity	<u>(588,835)</u>	<u>(2,556)</u>	<u>(591,391)</u>
Total effect on equity	<u>\$ (4,843,102)</u>	<u>\$ (201,414)</u>	<u>\$ (5,044,516)</u>

Impact on total comprehensive income for 2018

	<b>Originally Stated Amount</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated Amount</b>
<u>For the year ended December 31, 2018</u>			
Net sales	\$ 12,983,920	\$ 153,105	\$ 13,137,025
Cost of sales	(13,722,481)	(306,990)	(14,029,471)
Share of loss of associates and joint ventures	(7,642)	(8,069)	(15,711)
Gain on disposal of investments	<u>254,886</u>	<u>20,395</u>	<u>275,281</u>
Total effect on net loss for the period	<u>\$ (491,317)</u>	<u>\$ (141,559)</u>	<u>\$ (632,876)</u>
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations	<u>\$ 124,877</u>	<u>\$ 1,431</u>	<u>\$ 126,308</u>
Total effect on total comprehensive income for the period	<u>\$ 124,877</u>	<u>\$ 1,431</u>	<u>\$ 126,308</u>

(Continued)

	<b>Originally Stated Amount</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated Amount</b>
Increase (decrease) in net profit attributable to:			
Owners of the Company	\$ (468,294)	\$ (108,946)	\$ (577,240)
Non-controlling interests	4,685	(32,613)	(27,928)
Increase (decrease) in total comprehensive income attributable to:			
Owners of the Company	(756,354)	(107,515)	(863,869)
Non-controlling interests	20,616	(32,613)	(11,997)
Basic loss per share	(0.34)	(0.08)	(0.42)
Diluted loss per share	(0.34)	(0.08)	(0.42)
			(Concluded)

Impact on cash flows for 2018

	<b>Originally Stated Amount</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated Amount</b>
Net decrease in cash outflow from operating activities	\$ (981,284)	\$ 634,931	\$ (346,353)
Net decrease in cash inflow from investing activities	5,524,325	(634,931)	4,889,394
Net increase in cash inflow from financing activities	542,186	-	542,186
Net increase in cash and cash equivalents	5,125,218	-	5,125,218

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 IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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 retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: 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 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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.

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

The amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right. The amendments also clarify that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date.

The amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group’s own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32: Financial Instruments: Presentation, the aforementioned terms would not affect the classification of the liability.

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

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

See Note 13 and Table 7 following the Notes for the detailed information of subsidiaries, including the percentage of ownership and the main business of the subsidiaries.

e. Business combinations

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

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

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

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

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

f. Foreign currencies

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

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

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

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

For purposes of presenting consolidated financial statements, the assets and liabilities of the Corporation's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use a currency different from the currency of the Group) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and attributed to the owners of the Group and non-controlling interests as appropriate.

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

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

g. Inventories

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

h. Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

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

i. Property, plant, and equipment

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

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

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

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired in a business combination

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

## 2) Derecognition of intangible assets

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

### 1. Impairment of tangible and intangible assets other than goodwill

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

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

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

### m. Non-current assets held for sale

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

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

### n. Financial instruments

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

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

#### 1) Financial assets

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

a) Measurement category

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

i. Financial assets at FVTPL

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

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 35.

ii. Financial assets at amortized cost

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

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

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

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

iii. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract asset

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

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

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

The Group recognizes an impairment loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

### 3) Financial liabilities

#### a) Subsequent measurement

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

##### i. Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 35.

#### b) Derecognition of financial liabilities

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

### 4) Convertible bonds

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

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

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

### 5) Derivative financial instruments

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

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

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

o. Provisions

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

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

p. Revenue recognition

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

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

1) Revenue from the sale of goods

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

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

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

2) Construction contract revenue

Customers provide construction contract with specifications while they are construction in progress, and thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

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

3) Revenue from the sale of power facilities construction

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

4) Processing revenue

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

5) Services revenue

Service revenue is recognized when services are provided.

6) Electricity revenue

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

q. Leasing

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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 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. 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.

r. Borrowing costs

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

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

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

s. Government grants

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

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

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

1) Employee share options and restricted shares for employees

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

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

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

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

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

v. Taxation

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

1) Current tax

Based on the Income Tax Law, an additional tax at 5% of unappropriated earnings is provided for as income tax in the year the shareholders approve the retention of earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used.

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

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

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

3) Current and deferred tax for the year

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

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

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

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

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

### **Critical Accounting Judgements**

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.

### **Key Sources of Estimation Uncertainty**

a. Lessees' incremental borrowing rates-2019

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.

b. Estimated impairment of assets other than goodwill

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

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Demand deposits	\$ 6,333,268	\$ 9,080,667
Checking accounts	34,543	121,377
Cash on hand	905	1,000
Cash equivalents		
Time deposits	2,600	328,785
Repurchase agreements collateralized by bonds	<u>-</u>	<u>24,016</u>
	<u>\$ 6,371,316</u>	<u>\$ 9,555,845</u>

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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Bank deposits	0%-1.07%	0%-1.89%

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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Cross-currency swap contracts (a)	<u>\$ 2,392</u>	<u>\$ -</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 (d)	\$ 232,865	\$ 243,130
Put options (c)	<u>35,514</u>	<u>-</u>
	<u>\$ 268,379</u>	<u>\$ 243,130</u>
<u>Financial liabilities at FVTPL- current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (b)	<u>\$ 755</u>	<u>\$ -</u>
<u>Financial liabilities at FVTPL- non-current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Short put options (e)	<u>\$ 143,814</u>	<u>\$ 191,790</u>

- a. At the end of the reporting period, outstanding cross-currency swap contracts not under hedge accounting were as follows:

	<b>Coupon exchange rate</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2019</u>			
Swap	USD:NTD 30.0715	January 21, 2020	USD 10,000/NTD300,715
Swap	USD:NTD 30.0715	January 21, 2020	USD 12,000/NTD360,858

The Corporation entered into derivative transactions during 2019 to manage exposures of assets and liabilities denominated in foreign currency related to exchange rate changes.

- b. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Contract Amount (In Thousands)</b>
<u>December 31, 2019</u>			
Sell	Sell EUR/Buy USD	January 17, 2020	EUR 3,000/USD 3,339

The Corporation entered into derivative transactions during 2019 to manage exposures of assets and liabilities denominated in foreign currency related to exchange rate changes.

- c. Put options

The Group entered into equity purchase agreements with Clean Focus Yield Limited (“CFY”) with the right of redemption, in which the Group may require CFY to redeem all of its shares with certain conditions.

- d. Long call options

As stated in Note 20 (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 20 (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”).

e. Short call options

As stated in Note 20 (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 20 (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**

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Domestic investments		
Domestic quoted shares		
CTCI Corporation ("CTCI")	\$ 114,414	\$ 133,333
<u>Non-current</u>		
Domestic investments		
Domestic quoted shares		
Sino-American Silicon Products Inc. ("SAS")	\$ 2,172,922	\$ 1,337,855
ThinTech Materials Technology Co., Ltd. ("TTMC")	141,539	122,292
Unlisted ordinary shares		
EXOJET Technology Corporation ("EXOJET")	28,896	45,962
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")	<u>2,000</u>	<u>2,000</u>
	<u>2,391,056</u>	<u>1,553,808</u>
Overseas investments		
Unlisted ordinary shares		
ASIA GLOBAL VENTURE CAPITAL II CO., LTD	20,426	22,137
SUN APPENNINO CORPORATION	-	19,338
TG ENERGY SOLUTIONS LLC	-	615
FICUS CAPITAL CORPORATION	<u>-</u>	<u>-</u>
	<u>20,426</u>	<u>42,090</u>
	<u>\$ 2,411,482</u>	<u>\$ 1,595,898</u>

The Group invested in corporation mentioned above for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

The carrying amount of the Group's investment in TTMC's private-placement shares amounted to \$141,540 thousand and 115,920 thousand as of December 31, 2019 and 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 investments in equity instruments at FVTOCI pledged by the Group to secure borrowings refers to Note 37.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Non-current</u>		
Overseas investment		
Puttable preference shares (C-Shares III) Phanes Holding Inc. (Phanes Holding)	\$ 149,975	\$ 153,700
Less: Allowance for impairment loss	<u>          -</u>	<u>          -</u>
	<u>\$ 149,975</u>	<u>\$ 153,700</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 year ended December 31, 2019 and 2018, the interest income of puttable preference shares amounted to \$9,541 thousand and \$11,487 thousand. The related interest receivable, classified as other receivables from related parties, amounted to \$20,997 thousand and \$10,759 thousand at December 31, 2019 and 2018, respectively.

As of December 31, 2019, financial assets at amortized cost had not been pledged as security.

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

The Group considers the current financial condition of debtors and industry forecasts to estimate 12-month or lifetime expected credit losses.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for Recognizing Expected Credit Losses	Expected Loss Rate
Performing	The counterparty has a low risk of default and a strong capacity to meet contractual cash flows	12-month ECLs	0%

**10. NOTES AND ACCOUNTS RECEIVABLE, INSTALLMENT ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES**

	<u>December 31</u>	
	<b>2019</b>	<b>2018 (Restated)</b>
<u>Notes and accounts receivable</u>		
Notes and accounts receivable	\$ 2,653,904	\$ 3,202,497
Accounts receivable from related parties	523,933	554,452
Less: Allowance for impairment loss	<u>(602,251)</u>	<u>(622,654)</u>
	<u>\$ 2,575,586</u>	<u>\$ 3,134,295</u>
<u>Other receivables</u>		
Other receivables from related parties	\$ 691,352	\$ 1,103,134
Others	157,805	217,816
Less: Allowance for impairment loss	<u>(16,007)</u>	<u>(8,400)</u>
	<u>\$ 833,150</u>	<u>\$ 1,312,550</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 receivable. For overdue accounts receivable, interest was charged on the basis of management's judgment.

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

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

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

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

### December 31, 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	\$ 1,434,430	\$ 252,724	\$ 155,176	\$ 125,901	\$ 20,778	\$ 26,219	\$ 5,402	\$ 579,146	\$ 578,061	\$ 3,177,837
Loss allowance (Lifetime ECL)	(938)	(6,451)	(2,443)	(3,466)	(3,782)	(589)	(845)	(5,662)	(578,061)	(602,251)
Amortized cost	<u>\$ 1,433,492</u>	<u>\$ 246,273</u>	<u>\$ 152,733</u>	<u>\$ 122,435</u>	<u>\$ 16,996</u>	<u>\$ 25,630</u>	<u>\$ 4,557</u>	<u>\$ 573,477</u>	<u>\$ -</u>	<u>\$ 2,575,586</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>

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

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Balance at January 1	\$ 622,654	\$ 616,275
Impairment (reversal) losses	(6,593)	34,003
Amounts written off	(3,963)	(23,506)
Foreign exchange losses and gains	<u>(9,847)</u>	<u>(4,118)</u>
Balance at December 31	<u>\$ 602,251</u>	<u>\$ 622,654</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 is as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Up to 60 days	\$ 838,933	\$ 1,187,546
61-90 days	-	398
91-120 days	-	6,570
More than 120 days	<u>10,224</u>	<u>126,436</u>
<b>Total</b>	<b><u>\$ 849,157</u></b>	<b><u>\$ 1,320,950</u></b>

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Up to 60 days	\$ 11,398	\$ 8,400
More than 120 days	<u>4,609</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 16,007</u></b>	<b><u>\$ 8,400</u></b>

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>December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ 8,400	\$ -
Impairment losses	30,097	8,400
Amounts written off	(22,142)	-
Foreign exchange gains and losses	<u>(348)</u>	<u>-</u>
<b>Balance at December 31</b>	<b><u>\$ 16,007</u></b>	<b><u>\$ 8,400</u></b>

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

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

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b> <b>(Restated)</b>
<u>Gross investment in leases</u>		
Not later than 1 year	\$ 2,945	\$ 3,206
Over 1 year to 5 years	12,382	15,712
Later than 5 years	<u>49,122</u>	<u>50,342</u>
	64,449	69,260
Less: Unearned finance income	<u>(29,039)</u>	<u>(32,543)</u>
Present value of minimum lease payments	<u>\$ 35,140</u>	<u>\$ 36,717</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 6.16% 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 December 31, 2019, no finance lease receivable was past due. The Group has not recognized any loss allowance for finance lease receivables after considering historical experience, industry forecasts and the collaterals.

The finance lease receivables as of December 31, 2019 and 2018 were neither past due nor impaired.

## 12. INVENTORIES

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Finished goods and goods	\$ 1,769,145	\$ 1,220,727
Work in progress	34,993	10,174
Raw materials	606,876	684,287
Power facility construction in progress	<u>2,533,566</u>	<u>1,470,298</u>
	<u>\$ 4,944,580</u>	<u>\$ 3,385,486</u>

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

In 2019, the cost of sales was \$19,121,643 thousand, which related to inventories included (1) unallocated fixed manufacturing overhead of \$1,767,618 thousand; (2) income of \$7,229 thousand from the sale of scraps; (3) reversal of losses on purchase contracts of \$14,129 thousand; and (4) recognized impairments of prepayments of \$15,895 thousand; (5) recognized inventory write-downs of \$72,024 thousand and (6) loss of \$5,155 thousand from the disposal of obsolete inventories.

In 2018, the cost of sales was \$14,029,471 thousand, which related to inventories included (1) unallocated fixed manufacturing overhead of \$1,075,295 thousand; (2) income of \$3,527 thousand from the sale of scraps; (3) losses on purchase contracts of \$398,581 thousand; and (4) reversal of prepayments write-downs of \$78,924 thousand; (5) reversal of inventories write-downs of \$33,318 thousand and (6) loss of \$14,189 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. SUBSIDIARIES

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

Investor	Investee	Main Business	% of Ownership		Remark
			2019	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	-
	New Ray Investment Corp. (“New Ray Investment”)	Investment company	100.00	100.00	-
	DelSolar Holding Singapore Pte. Ltd. (“DelSolar Singapore”)	Investment company	100.00	100.00	-
	DelSolar Holding (Cayman) Ltd. (“DelSolar Cayman”)	Investment company	100.00	100.00	-
	NSP Systems (BVI) Ltd. (“NSP BVI”)	Investment company	100.00	100.00	-
	NSP UK Holding Limited (“NSP UK”)	Investment company	100.00	100.00	-
	Best Power Service Corp. (“BPS”)	Solar-related business	60.00	60.00	-
	NSP System Development Corp. (“NSP System”)	Solar-related business	100.00	100.00	-
	GES Energy Middle East FZE (“GES ME”)	Solar-related business	100.00	100.00	-
	Utech solar corporation (“Utech”)	Electronic component manufacturing and selling	99.49	98.30	3
	Ultimate Energy Solution Limited (“UES”)	Investment company	100.00	100.00	3
	Solartech Materials Corporation (“SMC”)	Electronic component manufacturing and selling	100.00	100.00	3
	Apex solar Corporation (“Apex”)	Electronic component manufacturing and selling	100.00	100.00	3
	Solartech Japan Corporation (“Solartech JP”)	Electronic component manufacturing and selling	-	100.00	3 and 4
	Zhongyang Corporation (“Zhongyang”)	Electronic component manufacturing and selling	100.00	100.00	3
	Huiyang Corporation (“Huiyang”)	Electronic component manufacturing and selling	100.00	100.00	3 and 4
	True Honour Limited	Investment company	-	-	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	2
	Yong Zhou Ltd. (“Yong Zhou”)	Solar-related business	100.00	100.00	2
	Ever Lite Power Inc. (“Ever Lite”)	Electronic component manufacturing and selling	100.00	100.00	2 and 4
	Yong Shun Ltd. (“Yong Shun”)	Solar-related business	100.00	100.00	2
	General Energy Solutions UK Limited (“GES UK”)	Investment company	100.00	100.00	2
	ELECTRONIC J.R.C. S.R.L (“JRC”)	Solar-related business	1.00	1.00	2
	Dashiangying Energy Power Ltd. Co. (“Dashiangying”)	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	-
	GES JAPAN CORPORATION (“GES JAPAN”)	Investment company	100.00	100.00	-
	NCH Solar 1 Limited (“NCH Solar 1”)	Solar-related business	100.00	100.00	-
	GES Solar 2 Limited (“GES Solar 2”)	Solar-related business	100.00	100.00	-
	GES Solar 3 Limited (“GES Solar 3”)	Solar-related business	100.00	100.00	-
	General Energy Solutions CANADA Inc. (“GES CANADA”)	Investment company	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			2019	2018	
GES USA	ET ENERGY SOLUTIONS LLC (“ET ENERGY”)	Solar-related business	-	100.00	4
	TIPPING POINT ENERGY COC PPA SPE-1, LLC (“TIPPING POINT”)	Solar-related business	-	100.00	4
	MEGATWO, LLC (“MEGATWO”)	Solar-related business	100.00	100.00	-
	GES MEGAFIVE, LLC (“MEGAFIVE”)	Solar-related business	100.00	100.00	-
	GES MEGASIX, LLC (“MEGASIX”)	Solar-related business	-	-	1
	GES MEGASEVEN, LLC (“MEGASEVEN”)	Solar-related business	-	-	4
	GES MEGAEIGHT, LLC (“MEGAEIGHT”)	Solar-related business	100.00	100.00	-
	GES MEGANINE, LLC (“MEGANINE”)	Solar-related business	-	-	1
	GES MEGATEN, LLC (“MEGATEN”)	Solar-related business	-	-	1
	GES MEGAELEVEN, LLC (“MEGAELEVEN”)	Solar-related business	-	-	4
	GES MEGATWELVE, LLC (“MEGATWELVE”)	Solar-related business	100.00	100.00	-
	GES MEGATHIRTEEN, LLC (“MEGATHIRTEEN”)	Solar-related business	100.00	100.00	1
	GES MEGAFIFTEEN, LLC (“MEGAFIFTEEN”)	Solar-related business	-	-	4
	GES MEGASIXTEEN, LLC (“MEGASIXTEEN”)	Solar-related business	100.00	100.00	5
	GES MEGASEVENTEEN, LLC (“MEGASEVENTEEN”)	Solar-related business	-	-	1
	GES MEGANINETEEN, LLC (“MEGANINETEEN”)	Solar-related business	100.00	100.00	-
	GES MEGATWENTY, LLC (“MEGATWENTY”)	Solar-related business	100.00	100.00	-
	GES ASSET ONE, LLC. (“ASSET ONE”)	Solar-related business	100.00	100.00	-
	GES ASSET TWO, LLC. (“ASSET TWO”)	Solar-related business	-	-	1
	GES ASSET THREE LLC (“ASSET THREE”)	Solar-related business	100.00	100.00	-
	GES ASSET FOUR LLC (“ASSET FOUR”)	Solar-related business	-	-	1
	CENERGY PORTFOLIO LLC (“CENERGY”)	Solar-related business	-	-	1
	SH4 SOLAR LLC (“SH4”)	Solar-related business	100.00	100.00	-
	Cedar Falls Solar Farm, LLC (“CEDAR FALLS”)	Solar-related business	100.00	100.00	-
	Schenectady Solar, LLC (“Schenectady”)	Solar-related business	-	-	1
	Village of Coxsackie Municipal Solar Project One, LLC (“VOC”)	Solar-related business	-	-	1
	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	-
	RER CT 57, LLC (“RER CT 57”)	Solar-related business	100.00	100.00	-
	TEV II, LLC (TEV II) Investment Company	Solar-related business	50.00	50.00	7
	Heywood Solar PGS, LLC (“HEYWOOD”)	Solar-related business	55.00	55.00	-
	MP Solar, LLC (“MP Solar”)	Solar-related business	55.00	55.00	-
	Ventura Solar LLC (“Ventura”)	Solar-related business	55.00	55.00	-
	Heywood Solar PGS, LLC (“HEYWOOD”)	Solar-related business	45.00	45.00	-
	MP Solar, LLC (“MP Solar”)	Solar-related business	45.00	45.00	-
	Ventura Solar, LLC (“Ventura”)	Solar-related business	45.00	45.00	-
	Livermore Community Solar Farm, LLC (“Livermore”)	Solar-related business	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	-	
Hillsboro Town Solar, LLC (“Hillsboro”)	Solar-related business	100.00	100.00	-	
GES JAPAN	GES KYUSHU CORPORATION (“GES KYUSHU”)	Solar-related business	-	-	4
GES CANADA MEGATWO ASSET THREE	Hashimoto Corporation (“Hashimoto”)	Solar-related business	100.00	100.00	-
	ELECTRONIC J.R.C., S.R.L (“JRC”)	Solar-related business	99.00	99.00	-
	Munisol S.A.P.I. de C.V. (“MUNISOL”)	Solar-related business	100.00	100.00	-
	GES Asset Three Shima’s, LLC (“SHIMA’S”)	Solar-related business	100.00	100.00	-
	GES Asset Three Waimea, LLC (“WAIMEA”)	Solar-related business	100.00	100.00	-
	GES Asset Three Honokawai, LLC (“HONOKAWAI”)	Solar-related business	100.00	100.00	-
	GES Asset Three Eleele, LLC (“ELEELE”)	Solar-related business	100.00	100.00	-
	GES Asset Three Hanalei, LLC (“HANALEI”)	Solar-related business	100.00	100.00	-
	GES Asset Three Kapaa, LLC (“KAPAA”)	Solar-related business	100.00	100.00	-
	GES Asset Three Koloa, LLC (“KOLOA”)	Solar-related business	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2019	2018	
MEGASIXTEEN GES AC	GES AC SOLAR 2017, LLC (“GES AC”)	Solar-related business	67.59	67.59	5
	Anderson North Solar Project LLC (“Anderson N.”)	Solar-related business	100.00	100.00	5
	Anderson South Solar Project LLC (“Anderson S.”)	Solar-related business	100.00	100.00	5
	Flora Solar Project LLC (“Flora”)	Solar-related business	100.00	100.00	5
	Greenfield Solar Project LLC (“Greenfield”)	Solar-related business	100.00	100.00	5
TEV II TEV Solar AC GES Solar	Spiceland Solar Project LLC (“Spiceland”)	Solar-related business	100.00	100.00	5
	TEV Solar Alpha18 LLC (TEV Solar)	Solar-related business	100.00	100.00	8
	AC GES Solar 2018 LLC (AC GES Solar)	Solar-related business	66.19	66.19	8
	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
DelSolar Cayman	Advance Solar Park, LLC (Advance)	Solar-related business	100.00	100.00	8
	DelSolar (HK) Ltd. (“DelSolar HK”)	Investment company	100.00	100.00	-
	DelSolar US Holdings (Delaware) Corporation (“DelSolar US”)	Investment company	100.00	100.00	-
	NSP SYSTEM NEVADA HOLDING CORP. (“NSP NEVADA”)	Solar-related business	100.00	100.00	-
	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	-
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	-
	Neo Solar Power Vietnam Co., Ltd (“NSP Vietnam”)	Technical management services	100.00	100.00	-
NSP UK	NSP Germany GmbH (“NSP Germany”)	Solar-related business	90.00	90.00	-
	PV-Power-Park Pro1 Verwaltings GmbH (“PV-Power-Park”)	Solar-related business	100.00	100.00	-
NSP System	NSP Indygen UK Ltd. (“NSP Indygen”)	Solar-related business	-	-	1
	Hsin Jin Optoelectronics (“Hsin Jin Optoelectronics”)	Solar-related business	80.00	80.00	-
	Hsin Jin Solar Energy Co., Ltd. (“Hsin Jin Solar Energy”)	Solar-related business	60.00	60.00	-
NSP System	Si Two Corp. (“Si Two”)	Solar-related business	100.00	100.00	-
	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 Agriculture Ecology Ltd. Co. (“UAE”)	Solar and agriculture-related business	100.00	-	6
	UNIIED RENEWABLE ENERGY ENGINEERING CO. NSP HK	XYH (Suzhou) Energy Ltd. (“XYH Suzhou”)	Solar-related business	100.00	100.00
CFGP	Clean Focus GP (HK) Limited. (“CFGP (HK)”)	Solar operation management services	100.00	100.00	-
DelSolar HK	DelSolar (Wu Jiang) Ltd. (“DelSolar Wu Jiang”)	Solar-related business	100.00	100.00	-
	NSP Japan Inc. (“NSP Japan”)	Solar-related business	100.00	100.00	-
	Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Solar-related business	11.36	11.36	-
DelSolar US	DelSolar Development (Delaware) LLC (“DelSolar Development”)	Solar-related business	100.00	100.00	-
	Clean Focus Renewables Inc. (“CFR”)	Solar-related business	100.00	100.00	-
	USD1 Owner LLC (“USD1”)	Solar-related business	100.00	100.00	-
	Beryl Construction LLC (“Beryl”)	Solar-related business	100.00	100.00	-
	NSP Indygen	UKEG POTTERS BAR LIMITED (“POTTERS BAR”)	Solar-related business	-	-
CFGP (HK)	UKEG CLAY CROSS LIMITED (“CLAY CROSS”)	Solar-related business	-	-	1 and 4
	UKEG BELPER LIMITED (“BELPER”)	Solar-related business	-	-	1 and 4
	GDL Bryncrynu Ltd. (“Bryncrynu”)	Solar-related business	-	-	1 and 4
	GDL Upper Meadowley Ltd. (“Meadowley”)	Solar-related business	-	-	1 and 4
	Clean Focus GP (Shanghai) Limited. (“CFGP (Shanghai)”)	Solar operation management services	100.00	100.00	-
DelSolar Wu Jiang	Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Solar-related business	88.64	88.64	-
DelSolar Development	DSS-USF PHX LLC	Solar-related business	100.00	100.00	-
	DSS-RAL LLC	Solar-related business	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2019	2018	
CFR	Rugged Solar LLC	Solar-related business	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, Bryncrynu 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. True Honour Limited was disposed of in the fourth quarter of 2018. 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. 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, Jianguo, Dungshu 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.

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Investments in associates	\$ 2,126,807	\$ 2,304,082
Investments in joint ventures	<u>3,608</u>	<u>67,174</u>
	<u>\$ 2,130,415</u>	<u>\$ 2,371,256</u>

a. Investments in associates

	<b>December 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Associates that are not individually material		
Clean Focus Yield Limited ("CFY")	\$ 1,375,398	\$ 1,295,281
Neo Cathay Power Corp. ("Neo Cathay")	559,639	598,352
TS Solartech SDN BHD ("TSST")	86,638	254,093
V5 Technology	66,769	69,860
MEGATHREE	34,759	34,539
DS Energy Technology Co., Ltd. ("DSET")	3,604	7,533
Gintung energy Corp. ("Gintung")	-	44,424
Sunshine PV Corp. ("Sunshine PV")	-	-
Solar PV Corp ("Solar PV")	<u>-</u>	<u>-</u>
	<u>\$ 2,126,807</u>	<u>\$ 2,304,082</u>

1) 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 Group were as follows:

<b>Name of Company</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
CFY	28.67%	28.67%
Neo Cathay	40.00%	40.00%
TSST	42.12%	42.12%
V5 Technology	41.43%	41.43%
Gintung	36.38%	36.38%
MEGATHREE	40.00%	40.00%
DSET (a)	35.00%	35.00%
Sunshine PV (b)	-	19.47%
Solar PV	19.92%	19.92%

- a) JNV SOLAR POWER CO., LTD. (“JSP”) changed its name to DS Energy Technology Co., Ltd. (“DSET”) on December 31, 2019.
- 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:

	<b>2019</b>	<b>2018</b>
The Group’s share of:		
Net loss for the year	\$ (124,151)	\$ (15,694)
Other comprehensive income for the year	<u>(1,099)</u>	<u>(36,641)</u>
Total comprehensive (loss) for the year	<u>\$ (125,250)</u>	<u>\$ (52,335)</u>

The Group had 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 December 31, 2019, the recognized share of equity associates attributable to the Group was \$739 thousand.

The Group used equity investment in affiliated company Gintung has been fully depreciated. Therefore, the profit and loss of the invested company was no longer recognized according to the equity method. If calculated based on the shareholding ratio, as of December 31, 2019, the company should recognize the loss share of Gintung as 50,851 yuan.

b. Investments in joint ventures

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b> <b>(Restated)</b>
Joint ventures that are not individually material		
NSP ET CAP MN HOLDINGS LLC (“JV2”)	\$ -	\$ 63,088
CF MN DevCo One LLC (“DevCo One”)	1,804	2,043
CF MN DevCo Two LLC (“DevCo Two”)	<u>1,804</u>	<u>2,043</u>
	<u>\$ 3,608</u>	<u>\$ 67,174</u>

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

<b>Name of Company</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
JV2 (Note 1)	67.00%	67.00%
DevCo One (Note 2)	40.00%	40.00%
DevCo Two (Note 2)	40.00%	40.00%

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

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

	<b>2019</b>	<b>2018</b>
The Corporation's share of:		
Net loss for the year	\$ (63,438)	\$ (17)
Other comprehensive loss for the year	<u>          -</u>	<u>          -</u>
Total comprehensive loss for the year	<u>\$ (63,438)</u>	<u>\$ (17)</u>

The information of the main business, principal operating place and registry country of the above associates is shown in Table 7 following Notes to Consolidated Financial Statements.

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

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

## 15. PROPERTY, PLANT AND EQUIPMENT

	<b>December 31, 2019</b>
Assets used by the Group	\$ 18,951,458
Assets leased under operating leases	<u>113,500</u>
	<u>\$ 19,064,958</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
<b>Cost</b>									
Land	\$ 1,537,278	\$ -	\$ 1,537,278	\$ -	\$ -	\$ -	\$ -	\$ 4,131	\$ 1,541,409
Buildings	8,154,114	-	8,154,114	-	-	-	-	22,273	8,176,387
Machinery and equipment	20,796,539	-	20,796,539	214,093	(85,471)	-	568,001	4,005	21,497,167
Rental assets	254,314	-	254,314	-	-	(254,314)	-	-	-
Research and development equipment	69,566	-	69,566	340	(8,618)	-	8,939	-	70,227
Office equipment	55,984	-	55,984	1,591	(2,505)	-	2,818	57	57,945
Leasehold improvements	735,412	-	735,412	4,305	(4,792)	-	-	(505)	734,420
Transportation equipment	2,965	-	2,965	231	(471)	-	-	(73)	2,652
Miscellaneous equipment	555,181	5,961,690	6,516,871	536,631	(1,106,949)	-	67,403	64,749	6,078,705
Property under acceptance or construction	2,964,541	-	2,964,541	(123,337)	(334)	-	(1,955,790)	(10,885)	874,195
	<u>35,125,894</u>	<u>\$ 5,961,690</u>	<u>41,087,584</u>	<u>\$ 633,854</u>	<u>\$ (1,209,140)</u>	<u>\$ (254,314)</u>	<u>\$ (1,308,629)</u>	<u>\$ 83,752</u>	<u>39,033,107</u>
<b>Accumulated depreciation</b>									
Buildings	1,175,351	\$ -	\$ 1,175,351	\$ 378,248	\$ -	\$ -	\$ -	\$ 369	1,553,968
Machinery and equipment	12,922,317	-	12,922,317	2,423,116	(39,098)	-	-	(31,266)	15,275,069
Rental assets	119,488	-	119,488	-	-	(119,488)	-	-	-
Research and development equipment	60,525	-	60,525	2,945	(6,432)	-	-	-	57,038
Office equipment	29,155	-	29,155	13,107	(2,060)	-	-	(83)	40,119
Leasehold improvements	25,684	-	25,684	56,402	(3,999)	-	-	(139)	77,948
Transportation equipment	1,442	-	1,442	601	(101)	-	-	(56)	1,886
Miscellaneous equipment	20,355	798,712	819,067	353,626	(388,621)	-	-	8,455	792,527
	<u>14,354,317</u>	<u>\$ 798,712</u>	<u>15,153,029</u>	<u>\$ 3,228,045</u>	<u>\$ (440,311)</u>	<u>\$ (119,488)</u>	<u>\$ -</u>	<u>\$ (22,720)</u>	<u>17,798,555</u>
<b>Accumulated impairment</b>									
Buildings	-	\$ -	\$ -	\$ 398,250	\$ -	\$ -	\$ -	\$ -	398,250
Machinery and equipment	457,098	-	457,098	1,202,159	(29,019)	-	-	(18,329)	1,611,909
Research and development equipment	-	-	-	958	-	-	-	-	958
Office equipment	-	-	-	535	-	-	-	(17)	518
Leasehold improvements	-	-	-	9,383	-	-	-	(353)	9,030
Miscellaneous equipment	-	-	-	6,084	-	-	-	(26)	6,058
Property under acceptance or construction	257,949	-	257,949	-	-	-	-	(1,578)	256,371
	<u>715,047</u>	<u>\$ -</u>	<u>715,047</u>	<u>\$ 1,617,369</u>	<u>\$ (29,019)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (20,302)</u>	<u>2,283,094</u>
	<u>\$ 20,056,530</u>		<u>\$ 25,219,508</u>						<u>\$ 18,951,458</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
<b>Cost</b>									
Miscellaneous equipment	\$ -	\$ -	\$ -	\$ 254,314	\$ -	\$ -	\$ -	\$ (4,992)	\$ 249,322
<b>Accumulated depreciation</b>									
Miscellaneous equipment	-	\$ -	\$ -	\$ 119,488	\$ 20,713	\$ -	\$ -	\$ (4,379)	135,822
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,488</u>	<u>\$ 20,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,379)</u>	<u>\$ 113,500</u>

c. 2018

	Balance at January 1, 2019	Adjustments on Initial Application of IFRS 16	Balance at January 1, 2019 (Restated)	Acquired from Business Combinations	Additions	Disposals	Reclassified	Effects of Foreign Currency Exchange Differences	Balance at September 30, 2019
<b>Cost</b>									
Land	\$ 460,731	\$ -	\$ 460,731	\$ 1,075,945	\$ -	\$ -	\$ -	\$ 602	\$ 1,537,278
Buildings	2,758,988	-	2,758,988	5,395,126	-	-	-	-	8,154,114
Machinery and equipment	16,100,104	-	16,100,104	4,502,972	87,658	(2,000)	128,964	(21,159)	20,796,539
Rental assets	164,118	-	164,118	-	82,684	-	-	7,512	254,314
Research and development equipment	62,857	-	62,857	6,259	-	-	450	-	69,566
Office equipment	28,912	-	28,912	12,530	5,227	(425)	9,380	360	55,984
Leasehold improvements	20,903	-	20,903	712,700	696	-	1,294	(181)	735,412
Transportation equipment	1,910	-	1,910	1,088	-	-	-	(33)	2,965
Miscellaneous equipment	330,625	4,210,844	4,541,469	216,673	1,752,387	(398)	7,031	(291)	6,516,871
Property under acceptance or construction	4,022,221	-	4,022,221	274,980	216,915	(1,363,193)	(289,804)	103,422	2,964,541
	<u>23,951,369</u>	<u>\$ 4,210,844</u>	<u>28,162,213</u>	<u>\$ 12,198,273</u>	<u>\$ 2,145,567</u>	<u>\$ (1,366,016)</u>	<u>\$ (142,685)</u>	<u>\$ 90,232</u>	<u>41,087,584</u>
<b>Accumulated depreciation</b>									
Buildings	984,078	\$ -	\$ 984,078	\$ -	\$ 191,223	\$ -	\$ -	\$ 50	1,175,351
Machinery and equipment	10,884,067	-	10,884,067	-	2,050,525	(2,000)	-	(10,275)	12,922,317
Rental assets	94,980	-	94,980	-	20,220	-	-	4,288	119,488
Research and development equipment	53,354	-	53,354	-	7,171	-	-	-	60,525
Office equipment	24,817	-	24,817	-	4,452	(372)	-	258	29,155
Leasehold improvements	10,306	-	10,306	-	15,416	-	-	(38)	25,684
Transportation equipment	1,294	-	1,294	-	172	-	-	(24)	1,442
Miscellaneous equipment	278,476	486,056	764,532	-	55,033	(398)	-	(100)	819,067
	<u>12,331,372</u>	<u>\$ 486,056</u>	<u>12,817,428</u>	<u>\$ -</u>	<u>\$ 2,344,212</u>	<u>\$ (2,770)</u>	<u>\$ -</u>	<u>\$ (5,841)</u>	<u>15,153,029</u>
<b>Accumulated impairment</b>									
Machinery and equipment	457,098	\$ -	\$ 457,098	\$ -	\$ -	\$ -	\$ -	\$ -	457,098
Property under acceptance or construction	-	-	-	-	257,949	-	-	-	257,949
	<u>457,098</u>	<u>\$ -</u>	<u>457,098</u>	<u>\$ -</u>	<u>\$ 257,949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>715,047</u>
	<u>\$ 11,162,899</u>		<u>\$ 14,887,687</u>						<u>\$ 25,219,508</u>

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 Group 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 Group to secure borrowings.

For the year ended December 31, 2019, the deductions were amounts transferred from the disposal of property, plant and equipment of \$20,568 thousand and disposal of subsidiaries of \$719,242 thousand.

The Group shall comply with new operating policy, and the estimated future cash flows expected to arise from the cash-generating units which are used to produce the cell decreased. The Group carried out a review of the recoverable amount of the cash-generating units and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss of \$1,617,369 thousand, which was recognized in other gains and losses for the year ended December 31, 2019. The Group determined the recoverable amounts of the cash-generating units on the basis of their value in use. The discount rate used in measuring the value in use was 9.04% per annum.

For the year ended December 31, 2019, there were reclassifications from equipment for inspection of \$4,065 thousand to miscellaneous purchases, from construction in progress and for inspection of \$1,364,665 thousand to inventory and from inventory of \$60,101 thousand.

For the year ended December 31, 2018, the deductions were amounts transferred from the disposal of property, plant and equipment of \$52 thousand, disposal of power facilities of \$109,854 thousand and disposal of subsidiaries of \$1,253,340 thousand.

For the year ended December 31, 2018, there were reclassifications from inventory of \$109,854 thousand, from repayments for equipment of \$3,307 thousand and from construction in progress and for inspection of \$255,846 thousand to miscellaneous purchases.

## 16. LEASE ARRANGEMENTS

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

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Land	\$ 746,073
Buildings	164,308
Machinery and equipment	41,159
Miscellaneous equipment	<u>29,574</u>
	<u>\$ 981,114</u>

	<b>For the Year Ended December 31, 2019</b>
Additions to right-of-use assets	<u>\$ 37,992</u>
Depreciation charge for right-of-use assets	
Land	\$ 44,832
Buildings	41,490
Machinery and equipment	6,016
Miscellaneous equipment	<u>7,219</u>
	<u>\$ 99,557</u>

b. Lease liabilities - 2019

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Current	<u>\$ 65,778</u>
Non-current	<u>\$ 952,521</u>

Range of discount rate for lease liabilities was as follows:

	<b>September 30, 2019</b>
Land	1.50%-3.37%
Buildings	2.55%-5.25%
Machinery and equipment	2.83%-4.90%
Miscellaneous equipment	2.07%-4.76%

c. Material lease-in activities and terms

The Group leases certain land, buildings and transportation equipment for operating with lease terms of 2 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 15. Lease arrangements for the leasing out of assets under finance leases refer to Note 11.

2019

**For the Year  
Ended  
December 31,  
2019**

Expenses relating to short-term leases	\$ <u>20,725</u>
Expenses relating to low-value asset leases	\$ <u>7,909</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	\$ <u>6,440</u>
Total cash outflow for leases	\$ <u>(128,267)</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>
Not later than 1 year	\$ 57,271
Later than 1 year and not later than 5 years	277,023
Later than 5 years	<u>660,669</u>
	<u>\$ 994,963</u>

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

	<b>For the year Ended December 31, 2018</b>
Minimum lease payments	<u>\$ 82,637</u>

## 17. INTANGIBLE ASSETS

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Carrying amounts of each class</u>		
Contracts with customers	\$ 103,712	\$ 37,365
Software	2,049	2,836
Patents	1,039	1,202
Contracts with consultants	-	135,606
Goodwill	-	11,969
Brands	-	-
Others	<u>8,557</u>	<u>13,984</u>
	<u>\$ 115,357</u>	<u>\$ 202,962</u>

	Year Ended December 31, 2018							
	Contracts with Consultants	Goodwill	Contracts with Customers	Brands	Patents	Software	Others	Total
Cost								
Balance at January 1	\$ 153,628	\$ 11,622	\$ 106,901	\$ 44,301	\$ -	\$ -	\$ 1,468	\$ 317,920
Acquired from Business Combinations	-	-	-	-	1,250	2,493	13,888	17,631
Additions	-	-	3,074	-	-	665	-	3,739
Disposal of subsidiaries	-	-	(74,532)	-	-	-	-	(74,532)
Translation adjustments	4,591	347	4,509	-	-	-	112	9,559
Balance at December 31	<u>158,219</u>	<u>11,969</u>	<u>39,952</u>	<u>44,301</u>	<u>1,250</u>	<u>3,158</u>	<u>15,468</u>	<u>274,317</u>
Accumulated amortization								
Balance at January 1	11,823	-	446	44,301	-	-	-	56,570
Amortization	10,245	-	4,586	-	48	322	1,477	16,678
Disposal of subsidiaries	-	-	(2,447)	-	-	-	-	(2,447)
Translation adjustments	545	-	2	-	-	-	7	554
Balance at December 31	<u>22,613</u>	<u>-</u>	<u>2,587</u>	<u>44,301</u>	<u>48</u>	<u>322</u>	<u>1,484</u>	<u>71,355</u>
	<u>\$ 135,606</u>	<u>\$ 11,969</u>	<u>\$ 37,365</u>	<u>\$ -</u>	<u>\$ 1,202</u>	<u>\$ 2,836</u>	<u>\$ 13,984</u>	<u>\$ 202,962</u>
	Year Ended December 31, 2019							
	Contracts with Consultants	Goodwill	Contracts with Customers	Brands	Patents	Software	Others	Total
Cost								
Balance at January 1	\$ 158,219	\$ 11,969	\$ 39,952	\$ 44,301	\$ 1,250	\$ 3,158	\$ 15,468	\$ 274,317
Additions	-	-	-	-	34	530	-	564
Reclassifications	-	-	74,232	-	-	-	-	74,232
Translation adjustments	(3,835)	(289)	(2,832)	-	-	-	291	(6,665)
Balance at December 31	<u>154,384</u>	<u>11,680</u>	<u>111,352</u>	<u>44,301</u>	<u>1,284</u>	<u>3,688</u>	<u>15,759</u>	<u>342,448</u>
Accumulated amortization								
Balance at January 1	22,613	-	2,587	44,301	48	322	1,484	71,355
Amortization	10,495	-	5,246	-	197	1,317	5,678	22,933
Translation adjustments	(860)	-	(193)	-	-	-	40	(1,013)
Balance at December 31	<u>32,248</u>	<u>-</u>	<u>7,640</u>	<u>44,301</u>	<u>245</u>	<u>1,639</u>	<u>7,202</u>	<u>93,275</u>
Accumulated impairment								
Balance at January 1	-	-	-	-	-	-	-	-
Impairment loss	125,866	12,038	-	-	-	-	-	137,904
Translation adjustments	(3,730)	(358)	-	-	-	-	-	(4,088)
Balance at December 31	<u>122,136</u>	<u>11,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>133,816</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,712</u>	<u>\$ -</u>	<u>\$ 1,039</u>	<u>\$ 2,049</u>	<u>\$ 8,557</u>	<u>\$ 115,357</u>

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

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

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

The Corporation evaluated the carrying amount of some intangible assets and determined that they were unrecoverable as they have no future economic benefits. The Corporation carried out a review of the recoverable amount of some intangible assets and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss of \$137,904 thousand, which was recognized in other gains and losses for the year ended December 31, 2019.

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

## 18. PREPAYMENTS FOR LEASES

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Current assets	\$ 2,531	\$ 4,748
Non-current assets	<u>-</u>	<u>19,469</u>
	<u>\$ 2,531</u>	<u>\$ 24,217</u>

The Group adopted the IFRS 16 starting from January 1, 2019. The prepayments for lease - current are short-term leases for which the recognition exemption is applied.

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

## 19. PREPAYMENTS AND OTHER ASSETS

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
<u>Prepayments</u>		
Payments in advance	\$ 2,363,684	\$ 2,286,892
Prepayments for equipment	47,592	311,706
Others	<u>526,221</u>	<u>547,164</u>
	<u>\$ 2,937,497</u>	<u>\$ 3,145,762</u>
<u>Other assets</u>		
Restricted assets	\$ 642,259	\$ 3,701,289
Offset against business tax payable	616,034	458,029
Pledged time deposits	304,845	595,018
Temporary payment	186,724	264,385
Others	<u>61,734</u>	<u>161,976</u>
	<u>\$ 1,811,596</u>	<u>\$ 5,180,697</u>
<u>Prepayments</u>		
Current	\$ 752,686	\$ 638,326
Non-current	<u>2,184,811</u>	<u>2,507,436</u>
	<u>\$ 2,937,497</u>	<u>\$ 3,145,762</u>
<u>Other assets</u>		
Current	\$ 1,419,710	\$ 4,981,243
Non-current	<u>391,886</u>	<u>199,454</u>
	<u>\$ 1,811,596</u>	<u>\$ 5,180,697</u>

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

## 20. LOANS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Secured borrowings</u>		
Bank loans	\$ 244,459	\$ 270,000
Non-financial loans	<u>-</u>	<u>41,808</u>
	244,459	311,808
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>2,744,339</u>	<u>6,557,820</u>
	<u>\$ 2,988,798</u>	<u>\$ 6,869,628</u>

- 1) The range of weighted average effective interest rates on bank loans was 1.7300%-6.2718% and 0.8800%-4.0698% per annum as of December 31, 2019 and 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 was 4.1096%-6.5000% as of December 31, 2018.
- 3) The unused amounts of short-term bank loan facilities were \$2,700,284 thousand and \$5,227,083 thousand, as of December 31, 2019 and 2018, respectively.
- 4) The assets pledged as collaterals for short-term bank loans are shown in Note 37.

### b. Short-term bills payable

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Commercial papers	\$ 416,100	\$ 276,600
Less: Unamortized discount on bills payable	<u>(642)</u>	<u>(164)</u>
	<u>\$ 415,458</u>	<u>\$ 276,436</u>

Outstanding short-term bills payable were as follows:

#### December 31, 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	\$ 374,400	\$ 377	\$ 374,023	0.750%
International Bills Finance Corporation	41,700	265	41,435	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%

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

c. Long-term bank loans

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Secured loan</b>		
10.13 billion syndicated loan from First Bank	\$ 9,803,460	\$ -
4.5 billion syndicated loan from First Bank	2,455,038	2,369,560
FMO & DEG Bank	1,071,422	1,149,430
Cathay Bank	678,119	796,164
KGI Bank loan	250,000	250,000
CTBC Bank loan	171,374	412,458
Mega Bank	107,197	95,110
Taiwan Cooperative Bank loan	99,500	210,022
Bank SinoPac	94,981	-
Land Bank of Taiwan	65,770	-
Yuanta Bank	65,570	72,191
Far Eastern Bank	64,122	68,535
Union Bank of Taiwan loan	-	11,660
3.6 billion syndicated loan from Mega Bank	-	2,832,000
4.2 billion syndicated loan from First Bank	-	2,570,000
3.3 billion syndicated loan from Taiwan Cooperative Bank	-	1,327,550
0.55 billion syndicated loan from First Bank	-	178,750
<b>Unsecured loan</b>		
King's Town Bank	904,916	1,210,000
0.5 billion syndicated loan from First Bank	225,000	337,500
The Shanghai Commercial & Savings Bank	-	107,407
First Bank loan	-	23,515
Cota Commercial Bank loan	-	16,664
<b>Other borrowings</b>		
IMPA (1)	620,998	554,631
Machinery and equipment Financing from EQUVO Pte., Ltd.	488,134	672,941
Chailease International Financial Services. Co., Ltd.	143,061	81,384
Inventory Financing from SinoPac Leasing Corporation	78,420	-
Inventory Financing from Shinshin Credit Corporation	37,895	-
Inventory Financing from Hotai Finance Co., Ltd.	31,106	77,344
Inventory Financing from Taichung Bank Leasing Co., Ltd	21,416	71,555
Credit loan from IBT Leasing Co., Ltd.	15,089	59,714

(Continued)

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
ROBINA VENTURES INCORPORATION	\$ 5,549	\$ 102,949
Credit loan from JihSun International Leasing & Finance Co., Ltd.	-	23,799
Credit loan from Taichung Bank Leasing Co., Ltd.	-	23,477
Inventory Financing from JihSun International Leasing & Finance Co., Ltd.	-	90,370
Inventory Financing from IBT Leasing Co., Ltd.	-	<u>7,327</u>
	<u>17,498,137</u>	<u>15,804,007</u>
Less: Current portion	<u>(5,721,202)</u>	<u>(6,275,497)</u>
	<u>\$ 11,776,935</u>	<u>\$ 9,528,510</u>
The range of interest rate	1.4896%- 7.8200%	1.6894%- 7.8200% (Concluded)

Note 1: 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 2: The contracts will expire in November 2043 as of December 31, 2019 and December 31, 2018.

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.

As of December 31, 2019, the Corporation did not meet the required interest coverage ratio and tangible net worth. Therefore, such contract will not constitute a breach of the agreement during the improvement period.

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, 2019. An additional interest should be accrued during the improvement period, from December 31, 2018 to December 31, 2020, and such situation will not constitute a breach of the agreements. Since the above syndicated loans will expire on September 30, 2020, they were transferred from long-term bank loans to the current portion. A part of property, plant and equipment was pledged as collaterals for the abovementioned \$4.5 billion syndicated loans as stated in the agreement, refer to Note 37.

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 meet the required financial covenants as of December 31, 2019.

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 December 31, 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\$1,181 thousand as reserve funds as of December 31, 2019, 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, 2019.

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 \$0.55 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 120%;
- c) Interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ interest expense]: At least 4; and
- d) Tangible net worth: At least \$12 billion.

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 which has been revised and agreed by the banks based on the Corporation's annual and semiannual consolidated financial statements:

- 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.

As of December 31, 2019, the Corporation did not meet the required interest coverage ratio and tangible net worth. The exemption is subject to approval by the banks and such exemption will not constitute a breach of the agreement.

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 \$506,040 thousand and \$901,905 thousand as of December 31, 2019 and December 31, 2018, respectively.

2) Other loan restrictions are as follows:

- a) Under its agreement with IMPA, the Group estimated that the fair value of its call option was US\$3,150 thousand (roughly NT\$94,014 thousand) at the date the agreement was signed in December 2017. The revalued fair value at December 31, 2019 was US\$1,496 thousand (roughly NT\$44,883 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 17.5%;
  - iii. The expected term of the option was 3 years; and
  - iv. Risk-free interest rate was 1.6%.

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 revalued fair value at December 31, 2019 was US\$3,298 thousand (roughly NT\$98,931 thousand). The fair values were estimated using the Black-Scholes pricing model under the following assumptions:
- i. The executed price was approximately US\$13,822 thousand (measured by reference to the Flip Date fair value);
  - ii. The expected volatility was 18%;
  - iii. The expected term of the option was 4.5 years; and
  - iv. Risk-free interest rate was 1.6%.
- c) The Group entered into a loan agreement with IBT Leasing Co., Ltd., Hotai Finance Co., Ltd., Co-operative Assets Management Co., Ltd., Taichung Bank Leasing Co., Ltd., Shinshin Credit Corporation, SinoPac Leasing Corporation and Jih Sun International Leasing & Finance Co., Ltd. Notes payable were used by the Group to repay the outstanding principal amount, including interest, in equal installments; as of December 31, 2019 and December 31, 2018, the sum of all outstanding installments were \$187,582 thousand and \$342,353 thousand, including interest amounting to \$4,308 thousand and \$7,439 thousand, respectively.
- d. Preference share liabilities

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Class A preference shares	\$ 44,260	\$ 60,964
Less: Current portion	<u>(16,082)</u>	<u>(16,481)</u>
	<u>\$ 28,178</u>	<u>\$ 44,483</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, 2019, 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). 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). 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 which contained a financial liability component, which was not closely related to the host contract, amounted to \$34,949 thousand. The obligation was designated on initial recognition as one to be classified as "preference shares liabilities - current and non-current". As of December 31, 2019, preference share liability was US\$628 thousand (roughly NT\$18,832 thousand). The Group paid the agreed amount in the form of cash dividends and a fixed asset management fee of US\$317 thousand (roughly NT\$9,812 thousand) as repayments of Class A preference shares. A cash dividend of US\$85 thousand (roughly NT\$2,549 thousand) was not yet paid out by the Group, and was classified under "Other payables".

Five limited liability companies within GES AC estimated the fair value of total shareholdings to be US\$12,592 thousand (roughly NT\$377,696 thousand), as of December 31, 2019; the fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data; therefore the entities made estimates and judgments about their fair values using an income approach defined as using Level 3 inputs under IFRS 13 fair value measurement standards. The fair values using the Level 3 fair value measurement standards were estimated using the following significant assumptions, as of December 31, 2019:

- i. A discount rate of 6.5%, respectively;
- ii. Final valuation based on a 0.5% lapse rate of tariff rates on long-term sales of electricity; and
- iii. Financial multipliers by peer companies.

MEGASIXTEEN has the preferred rights to repurchase all Class A shares at the higher of the fair value or 5.5% of the amount of capital injection by MPC which is the value applicable under the contract; MEGASIXTEEN is expected to have such rights for a certain period of time starting from the flip date (December 2022). The long call option is estimated at a fair value of US\$3,948 thousand (equivalent to approximately NT\$117,840 thousand) and reevaluated at a fair value of US\$3,449 thousand (equivalent to approximately NT\$103,452 thousand) at December 31, 2019, 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 17.5%;
- iii. The expected term of the option of 3 years; and
- iv. A risk-free interest rate of 1.6%.

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, GES USA 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, GES USA, entered into a contract with ACS, a non-controlling interest, to setup a startup company, AC GES Solar; all of those limited liability companies entered into a 25-year sales contract with IMPA for the sale of electricity. As of December 31, 2019, 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 USA 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 which contained a financial liability component, which was not closely related to the host contract, amounted to \$33,756 thousand. The obligation was designated on initial recognition as one to be classified as "preference shares liabilities - current and non-current". As of December 31, 2019, preference share liability was US\$848 thousand (roughly NT\$25,428 thousand). The Group paid the agreed amount in the form of cash dividends and a fixed asset management fee of US\$279 thousand (roughly 8,620 thousand) as repayments of Class A preference shares. A cash dividend of US\$143 thousand (roughly NT\$4,295 thousand) was not yet paid out by the Group and was classified under "Other payables".

Three limited liability companies within AC GES Solar estimated the fair value of total shareholdings to be US\$14,695 thousand (roughly NT\$440,782 thousand) as of December 31, 2019; the fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data; therefore the entities made estimates and judgments about their fair values using an income approach defined as using Level 3 inputs under IFRS 13 fair value measurement standards. The fair values using the Level 3 fair value measurement standards were estimated using the following significant assumptions, as of December 31, 2019:

- i. A discount rate of 6.5%;
- ii. Final valuation based on a 0.5% lapse rate of tariff rates on long-term sales of electricity; and
- iii. Financial multipliers by peer companies.

TEV Solar has the preferred rights to repurchase all Class A shares at the higher of the fair value or 7% of the amount of capital injection by ACS which is the value applicable under the contract; TEV Solar is expected to have such rights for a certain period of time starting from the flip date (June 2024). The long call option is estimated at a fair value of US\$4,149 thousand (equivalent to approximately NT\$127,543 thousand) and reevaluated at a fair value of US\$4,314 thousand (equivalent to approximately NT\$129,413 thousand) at December 31, 2019, 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 4.5 years; and
- iv. A risk-free interest rate of 1.6%.

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 year ended December 31, 2019, the Group paid preference share dividends of US\$60 thousand (roughly NT\$1,859 thousand) and US\$28 thousand (roughly NT\$881 thousand) to MegaSixteen and TEV II, respectively, which were classified under "finance costs".

As of December 31, 2019 and 2018, GES recognized \$4,506 thousand and 5,669 thousand loss on financial liabilities at fair value through profit or loss, which was classified under "Loss on financial assets (liabilities) at fair value through profit or loss".

## 21. BONDS PAYABLE

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

a. Secured overseas convertible bonds

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

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

	Host Liability Instrument		Conversion Option and Derivative Instrument of Redemption Option	
	US\$	NT\$	US\$	NT\$
Date of issue	\$ 111,553	\$ 3,518,939	\$ 5,532	\$ 174,728
Rate adjusted	-	81,974	-	8
Interest charged at an effective interest rate	631	20,244	-	-
Accrued interest payable	(160)	(5,119)	-	-
Gain 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)	-	-
Gain 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)	-	-
Gain due to changes in fair value	-	-	-	-
Balance at December 31, 2018	117,583	3,614,497	-	-
Rate adjusted	-	38,873	-	-
Interest charged at an effective interest rate	3,170	98,409	-	-
Accrued interest payable	(753)	(23,379)	-	-
Repayments of bond payables	(120,000)	(3,728,400)	-	-
Balance at October 27, 2019	\$ -	\$ -	\$ -	\$ -

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

- 1) Current ratio (Current assets ÷ Current liabilities): At least 110%;
- 2) Debt to equity ratio (Total liabilities ÷ Total tangible net worth): No more than 125%, where contingent liabilities are included when total liabilities are calculated;

- 3) Interest coverage ratio [(Income before tax + Depreciation + Amortization + Interest expense) ÷ Interest expense]: At least 3; and
- 4) Tangible net worth: At least \$10 billion..

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

The bonds payable was repaid in October 2019.

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

## 22. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
<u>Accrued expenses</u>		
Loss on contracts	\$ 278,990	\$ 260,480
Bonus	149,646	284,718
Salaries	140,062	221,354
Others	<u>745,044</u>	<u>1,326,557</u>
	<u>\$ 1,313,742</u>	<u>\$ 2,093,109</u>
<u>Other liabilities</u>		
Deferred revenue	\$ 53,826	\$ 245,677
Advance receipts from customers	60,706	94,832
Others	<u>9,414</u>	<u>21,606</u>
	<u>\$ 123,946</u>	<u>\$ 362,115</u>
Current	\$ 69,372	\$ 131,650
Non-current	<u>54,574</u>	<u>230,465</u>
	<u>\$ 123,946</u>	<u>\$ 362,115</u>

## 23. PROVISIONS

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
<u>Non-current</u>		
Warranties	<u>\$ 176,069</u>	<u>\$ 305,138</u>
<u>Warranties</u>		
Balance at January 1	\$ 305,138	\$ 246,033
Additions	50,384	62,485
Reversals	(179,236)	-
Usage	(52)	(3,306)
Effects of exchange rate changes	<u>(165)</u>	<u>(74)</u>
Balance at December 31	<u>\$ 176,069</u>	<u>\$ 305,138</u>

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

## 24. RETIREMENT BENEFIT PLANS

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

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

## 25. EQUITY

### a. Share capital

#### 1) Ordinary shares

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Number of shares authorized (in thousands)	<u>3,200,000</u>	<u>3,200,000</u>
Amount of shares authorized	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,665,338</u>	<u>2,515,759</u>
Shares issued	<u>\$ 26,653,375</u>	<u>\$ 25,157,599</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 NT\$11,644,007 thousand and issued new shares amounted to 1,164,401 thousand shares (including 40,122 thousand shares of private-placement shares,), all ordinary shares, with a par value of NT\$10 which was approved by the FSC on July 23, 2018. On August 3, 2018, the Corporation’s board of directors ruled that, due to the cancellation of part of the issue of employee rights shares issued by the Corporation, Gintech 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 processed a NT\$14,000,000 thousand capital increase. The Corporation's total amount of capital is NT\$32,000,000 thousand after the capital increase. The number of ordinary shares issued with a par value of NT\$10 was 3,200,000 thousand shares.

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

As of June 14, 2019, the Corporation's board of directors approved the issuance of 150,000 thousand ordinary shares for cash through a fixed-price system. The Corporation's total amount of capital was \$ 26,655,774 thousand after the capital increase. Ordinary shares were issued at \$6.52 per share with a par value of \$10. The above issuance was approved by FSC on December 10, 2019.

b. Capital surplus

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	\$ 113,539	\$ 963,007
May only be used to offset a deficit (2)		
Share of change in equity interests of associates and joint ventures	-	42,000
Share premiums - employee restricted shares	6,452	-
Share premiums - employee share options	3,638	-
May not be used for any purpose		
Arising from employee restricted shares	<u>(4,640)</u>	<u>6,016</u>
	<u>\$ 118,989</u>	<u>\$ 1,011,023</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, employee restricted shares and employee share options when they expire.

c. Retained earnings and dividend policy

Under the dividend policy, if the Group made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Group's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of employees' compensation and remuneration of directors and supervisors before and after the amendment, refer to Note 27 (f).

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

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

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

The offset of accumulated deficits for 2018 and 2017 had been proposed by the Corporation's board of directors on June 17, 2019 and had been approved in the shareholders' meeting on June 20, 2018, respectively. The information is as follows:

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

The offsetting of accumulated deficit for the year ended December 31, 2019 is subject for resolution by the Corporation's board of directors on March 26, 2020.

The offset of accumulated deficit in 2019 is subject to resolution in the shareholders' meeting expected to be held on June 22, 2020.

d. Other equity items

1) Unrealized gain on financial assets at FVTOCI

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Balance at January 1	\$ (527,897)	\$ (130,891)
Recognized during the period		
Unrealized gain - equity instruments	803,421	(397,006)
Disposal of equity instruments cumulative gains and losses transfer to retained earnings	<u>7,968</u>	<u>-</u>
Balance at December 31	<u>\$ 283,492</u>	<u>\$ (527,897)</u>

e. Treasury shares

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>December 31, 2019</u>			
Utech	1,883	<u>\$ 18,699</u>	<u>\$ 14,427</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.

## 26. REVENUE

For the year ended December 31, 2019

	Reportable Segments				
	Modules	Solar Cells	Power Facilities	Others	Total
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 9,522,440	\$ 5,684,108	\$ 1,815	\$ 1,875	\$15,210,238
Revenue from construction	-	-	984,702	-	984,702
Revenue from the sale of power facilities	-	-	802,662	-	802,662
Revenue from other activities	-	-	<u>714,850</u>	<u>412,177</u>	<u>1,127,027</u>
	<u>9,522,440</u>	<u>5,684,108</u>	<u>2,504,029</u>	<u>414,052</u>	<u>18,124,629</u>
Revenue from other operating activities	-	-	<u>14,483</u>	-	<u>14,483</u>
	<u>\$ 9,522,440</u>	<u>\$ 5,684,108</u>	<u>\$ 2,518,512</u>	<u>\$ 414,052</u>	<u>\$18,139,112</u>

For the year ended December 31, 2018 (Restated)

	Reportable Segments				
	Modules	Solar Cells	Power Facilities	Others	Total
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 7,190,802	\$ 3,249,827	\$ 525,538	\$ 47,663	\$11,013,830
Revenue from the sale of power facilities	-	-	712,943	-	712,943
Revenue from construction	-	-	613,411	-	613,411
Revenue from other activities	-	<u>65,339</u>	<u>280,069</u>	<u>351,060</u>	<u>696,468</u>
	<u>7,190,802</u>	<u>3,315,166</u>	<u>2,131,961</u>	<u>398,723</u>	<u>13,036,652</u>
Revenue from other operating activities	-	-	<u>100,329</u>	<u>44</u>	<u>100,373</u>
	<u>\$ 7,190,802</u>	<u>\$ 3,315,166</u>	<u>\$ 2,232,290</u>	<u>\$ 398,767</u>	<u>\$13,137,025</u>

a. Contract balances

	<b>December 31, 2019</b>	<b>December 31, 2018 (Restated)</b>	<b>January 1, 2018 (Restated)</b>
Notes and accounts receivable (Note 10)	<u>\$ 2,575,586</u>	<u>\$ 3,134,295</u>	<u>\$ 1,540,602</u>
Contract assets			
Power facility construction contracts	\$ 483,247	\$ 96,617	\$ 64,295
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 483,247</u>	<u>\$ 96,617</u>	<u>\$ 64,295</u>
Contract liabilities			
Sale of goods	\$ 253,899	\$ 201,876	\$ 91,298
Power facility construction contracts	42,777	102,876	71,963
Power facility sales contracts	<u>27,156</u>	<u>40,500</u>	<u>145,254</u>
Contract liabilities - current	<u>\$ 323,832</u>	<u>\$ 345,252</u>	<u>\$ 308,515</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 Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Contract assets		
Transfers of beginning balance to receivables	<u>\$ 82,899</u>	<u>\$ 56,819</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
From contract liabilities incurred from the beginning of the year		
Sale of goods	\$ 187,953	\$ 76,025
Power facility construction contracts	66,512	49,372
Power facility sales contracts	<u>20,357</u>	<u>138,651</u>
	<u>\$ 274,822</u>	<u>\$ 264,048</u>

b. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Geographical markets		
Taiwan	\$ 6,031,169	\$ 6,688,542
America	2,796,332	929,117
India	2,404,830	-
Germany	2,319,921	1,991,574
Others	<u>4,572,377</u>	<u>3,427,419</u>
	<u>\$ 18,124,629</u>	<u>\$ 13,036,652</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Timing of revenue recognition		
Satisfied at a point in time	\$ 17,121,370	\$ 12,402,479
Satisfied over time	<u>1,003,259</u>	<u>634,173</u>
	<u>\$ 18,124,629</u>	<u>\$ 13,036,652</u> (Concluded)

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>December 31, 2019</b>
Power facility construction contracts - in 2020	<u>\$ 319,110</u>

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

## 27. COMPREHENSIVE INCOME (LOSS)

a. Other income and expenses

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Impairment loss on property, plant and equipment	\$ (1,617,369)	\$ (257,949)
Impairment loss on intangible assets	(137,904)	-
Loss on disposal of property, plant and equipment	(11,988)	(26)
Loss on disposal of non-current assets held for sale	-	(2,403)
Other	<u>569</u>	<u>-</u>
	<u>\$ (1,766,692)</u>	<u>\$ (260,378)</u>

b. Interest income and other income

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Interest income		
Bank deposits	\$ 35,482	\$ 69,250
Puttable preference shares	9,541	11,487
Financing provided to related parties	4,145	14,719
Others	<u>4,293</u>	<u>9,317</u>
	<u>\$ 53,461</u>	<u>\$ 104,773</u> (Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Other income		
Rental income	\$ 27,277	\$ 7,742
Machine lending income	19,958	-
Insurance compensation income	8,092	38,833
Others	<u>110,754</u>	<u>50,811</u>
	<u>\$ 166,081</u>	<u>\$ 97,386</u>
		(Concluded)
c. Finance costs		
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Interest on bank loans	\$ 575,819	\$ 480,268
Interest on convertible bonds	98,409	112,981
Other interest expense	<u>200,066</u>	<u>60,159</u>
	<u>\$ 874,294</u>	<u>\$ 653,408</u>
d. Depreciation and amortization		
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 3,248,758	\$ 2,344,212
Right-of-use assets	99,557	-
Intangible assets	<u>22,933</u>	<u>16,678</u>
	<u>\$ 3,371,248</u>	<u>\$ 2,360,890</u>
An analysis of depreciation by function		
Operating costs	\$ 3,071,168	\$ 2,205,792
Operating expenses	<u>277,147</u>	<u>138,420</u>
	<u>\$ 3,348,315</u>	<u>\$ 2,344,212</u>
An analysis of amortization by function		
Operating costs	\$ 5,885	\$ -
Operating expenses	<u>17,048</u>	<u>16,678</u>
	<u>\$ 22,933</u>	<u>\$ 16,678</u>
e. Employee benefits expense		
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Post-employment benefits (Note 24)		
Defined contribution plans	\$ 76,693	\$ 64,183
Share-based payments		
Equity-settled share-based payments	3,337	16,492
Other employee benefits	<u>2,319,444</u>	<u>1,829,896</u>
Total employee benefits expense	<u>\$ 2,399,474</u>	<u>\$ 1,910,571</u>
		(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,625,089	\$ 1,270,508
Operating expenses	<u>774,385</u>	<u>640,063</u>
	<u>\$ 2,399,474</u>	<u>\$ 1,910,571</u>
		(Concluded)

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

The amendments stipulate distribution of employees' compensation and remuneration to directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. The Corporation incurred a deficit for the year ended December 31, 2019, 2018 and 2017; thus, neither compensation to employees nor remuneration to directors was estimated.

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

Information on the compensation to employees and the remuneration to directors, approved by the Corporation's board of directors in 2020 and 2019 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

g. Net gain (loss) on foreign currency exchange

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Foreign exchange gains	\$ 3,478,355	\$ 2,449,751
Foreign exchange losses	<u>(3,452,405)</u>	<u>(2,510,994)</u>
Net profit (loss)	<u>\$ 25,950</u>	<u>\$ (61,243)</u>

h. Components of other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Unrealized loss on financial assets at FVTOCI		
Arising during the year	<u>\$ 803,421</u>	<u>\$ (397,006)</u>
Exchange difference on translating foreign operations:		
Arising during the year	<u>\$ 16,651</u>	<u>\$ 126,308</u>

## 28. INCOME TAXES

### a. Income tax recognized in profit or loss

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax		
Current year	\$ (61,845)	\$ (21,915)
Prior period	<u>(788)</u>	<u>(1,391)</u>
Income tax expense recognized in profit or loss	<u>\$ (62,633)</u>	<u>\$ (23,306)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Loss before tax	<u>\$ (5,706,556)</u>	<u>\$ (581,862)</u>
Income tax benefit at the 20% statutory rate	\$ 1,143,312	\$ 116,372
Non-deductible expenses in determining taxable income	(20,083)	348,914
Permanent difference	(192,267)	-
Tax-exempt income	178	767
Income tax on unappropriated earnings	(666)	-
Effect of different tax rate of group entities operating in other jurisdictions	(11,138)	27,952
Unrecognized loss carryforwards	(721,010)	(519,221)
Unrecognized deductible temporary differences	17,042	53,959
Reversal of temporary difference	(275,213)	(50,658)
Adjustments for prior years' tax benefit	<u>(788)</u>	<u>(1,391)</u>
Income tax expense recognized in profit or loss	<u>\$ (62,633)</u>	<u>\$ (23,306)</u>

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

### b. Current tax assets and liabilities

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax assets		
Tax refund receivable	\$ 26,947	\$ 75,426
Prepaid income tax	<u>903</u>	<u>901</u>
	<u>\$ 27,850</u>	<u>\$ 76,327</u>

(Continued)

**For the Year Ended December 31**  
**2019**                      **2018**

Current tax liabilities		
Income tax payable	<u>\$ 16,958</u>	<u>\$ 1,910</u> (Concluded)

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2019

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>				
Investment credits	\$ 11,773	\$ -	\$ -	\$ 11,773
Loss carryforwards	422,426	(1,224)	-	421,202
Temporary differences				
Depreciation differences on property, plant and equipment	7,427	(3,086)	-	4,341
Impairment loss on property, plant and equipment	1,175	-	-	1,175
Write-downs of inventories	1,756	358	-	1,398
Others	<u>631,812</u>	<u>(15,151)</u>	<u>-</u>	<u>616,661</u>
	<u>\$ 1,076,369</u>	<u>\$ (19,819)</u>	<u>\$ -</u>	<u>\$ 1,056,550</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	\$ 19,800	\$ (19,800)	\$ -	\$ -
Unrealized gains on financial instruments at fair value through profit or loss	29,605	5,551	-	35,156
Gain on disposal of subsidiaries at a percentage different from its earlier ownership percentage	6,206	1,464	-	7,670
Others	<u>8,116</u>	<u>(3,210)</u>	<u>-</u>	<u>4,906</u>
	<u>\$ 63,727</u>	<u>\$ (15,995)</u>	<u>\$ -</u>	<u>\$ 47,732</u>

For the year ended December 31, 2018

	<b>Balance, Beginning of Year</b>	<b>Recognized in Profit or Loss</b>	<b>Recognized in Other Comprehensive Income</b>	<b>Balance, End of Year</b>
<u>Deferred tax assets</u>				
Investment credits	\$ 11,431	\$ 342	\$ -	\$ 11,773
Loss carryforwards	-	422,426	-	422,426
Temporary differences				
Depreciation differences on property, plant and equipment	7,452	(25)	-	7,427
Credit loss on property, plant and equipment	-	1,175	-	1,175
Write-downs of inventories	1,254	502	-	1,756
Others	<u>70,392</u>	<u>561,573</u>	<u>(153)</u>	<u>631,812</u>
	<u>\$ 90,529</u>	<u>\$ 985,993</u>	<u>\$ (153)</u>	<u>\$ 1,076,369</u>

Deferred tax liabilities

Temporary differences				
Unrealized foreign exchange gains	\$ 17,381	\$ 2,419	\$ -	\$ 19,800
Unrealized gains on financial instruments at fair value through profit or loss	28,678	927	-	29,605
Gain on disposal of subsidiaries at a percentage different from its earlier ownership percentage	-	6,206	-	6,206
Others	<u>7,066</u>	<u>1,050</u>	<u>-</u>	<u>8,116</u>
	<u>\$ 53,125</u>	<u>\$ 10,602</u>	<u>\$ -</u>	<u>\$ 63,727</u>

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

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

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Loss carryforwards		
Expiry in 2020	\$ 224,309	\$ 252,753
Expiry in 2021	1,651,521	1,244,132
Expiry in 2022	1,489,271	452,788
Expiry in 2023	735,702	114,308

(Continued)

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Expiry in 2024	\$ 628,488	\$ 24,818
Expiry in 2025	494,770	381,127
Expiry in 2026	1,401,642	1,362,318
Expiry in 2027	2,128,528	1,985,339
Expiry in 2028	3,747,677	3,096,872
Expiry in 2029	<u>3,501,813</u>	<u>-</u>
	<u>\$ 16,003,721</u>	<u>\$ 8,914,455</u>
Deductible temporary differences	<u>\$ 9,231,067</u>	<u>\$ 6,050,553</u> (Concluded)

The tax losses of deferred taxes assets and the investment credits amounted to \$358,231 and \$228,922, respectively, which yet recognizes by GES USA. And the deductible year are 2020 to 2039.

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

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

e. Information on tax - exemption

As of December 31, 2019, profits attributable to the following expansion projects were exempt from income tax for five years under the Statute for Upgrading Industries:

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

f. Income tax assessments

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

## 29. LOSS PER SHARE

Unit: NT\$ Per Share

	<b>Years Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Basic loss per share	<u>\$ (2.26)</u>	<u>\$ (0.42)</u>
Diluted loss per share	<u>\$ (2.26)</u>	<u>\$ (0.42)</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 year

	<b>Years Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Loss for the year	\$ (5,686,065)	\$ (577,240)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (after tax)	_____ -	_____ -
Loss used in the computation of diluted loss per share	<u>\$ (5,686,065)</u>	<u>\$ (577,240)</u>

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

	<b>Years Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares used in the computation of basic loss per share	2,511,855	1,380,522
Effect of dilutive potential ordinary shares:		
Convertible bonds	-	-
Restricted employee share options	-	-
Employee compensation or bonuses issued to employees	-	-
Employee share options	_____ -	_____ -
Weighted average number of ordinary shares used in the computation of diluted loss per share	<u>2,511,855</u>	<u>1,380,522</u>

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

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

### **30. SHARE-BASED PAYMENT ARRANGEMENTS**

Issuance of ordinary share for cash with retained employee subscription

As of June 14, 2019, the Corporation's board of directors approved the issuance of 150,000 thousand ordinary shares for cash through a fixed-price system. The Corporation's total amount of capital was \$ 26,655,774 thousand after the capital increase. Ordinary shares were issued at \$6.52 per share with a par value of \$10. The above issuance was approved by FSC on December 10, 2019.

The above issuance which retained employee subscription was granted on November 29, 2019.

The Corporation uses the Black-Scholes pricing model to estimate the share options for employees which were given in 2019 under the following assumptions:

	<b>First time in 2019</b>
Granted date price (per share)	\$ 7.18
Exercise price (per share)	\$ 6.52
Expected volatility	34.35%
Expected duration	21 Days
Expected dividend yield	-
Risk-free rate	0.45%

The expected volatility is based on the Corporation's historical share price to estimate the price volatility.

The Corporation's compensation cost which related to the issuance of ordinary share for cash in 2019 is 3,638 thousand.

#### Restricted share plan for employees

The Corporation's board of directors approved of a restricted share plan which amounted to \$30,000 thousand consisted of 3,000 thousand shares with a par value of \$10. Such a plan may require employees to pay a consideration at \$10 or \$0 per share. On June 17, 2019, the shareholders in their meeting proposed to offer the restricted share plan for employees. The issuance of 3,000 thousand shares was approved by the FSC on October 1, 2019.

The Corporation's board of directors approved of a restricted share plan amounting to \$22,050 thousand, consisted of 2,205 thousand shares with a par value of \$10. Such a plan may require employees to pay a consideration at \$10 or \$0 per share. The grant date and issuance date were November 11, 2019. The actual issued amount was \$22,050 thousand which included 2,205 thousand shares with a fair value of \$7.85 per share.

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

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

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

Replaced employee share option plan was as follows:

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

Information on issued employee restricted shares was as follows:

	<b>Shares ( In Thousands )</b>	
	<b>For Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Beginning balance	5,252	1,761
Acquisitions through business combinations	-	6,121
Additions	2,205	-
Vested	(1,619)	(821)
Canceled	<u>(2,626)</u>	<u>(1,809)</u>
Ending balance	<u>3,212</u>	<u>5,252</u>

a. The Corporation, formerly Neo Solar Power Corp. and Gintech Energy

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

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

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

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

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

b. Formerly Solartech Energy

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

- 1) Still on service three years after the grant date with a high rating based on the prior year's performance appraisal - vesting of 100% of restricted shares.

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

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

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

The Corporation reversed compensation costs of \$301 thousand and recognized compensation costs of \$16,492 thousand for the years ended December 31, 2019 and 2018, respectively.

### 31. BUSINESS COMBINATIONS

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

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

a. Consideration transferred

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

b. Assets acquired and liabilities assumed at the date of merger (disclosure in fair value)

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

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

c. Non-controlling interests

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

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

d. Gain on bargain purchase due to consolidation

	<b>Gintech Energy</b>	<b>Solartech Energy</b>
Consideration transferred	\$ 7,314,880	\$ 4,399,288
Plus: Fair value of the acquirer's previously held equity interest	-	-
Plus: Non-controlling interests	27,179	214
Less: Fair value of identifiable net assets acquired of Gintech Energy and Solar Energy	(6,023,001)	(5,269,758)
Less: Fair value of identifiable net assets acquired of Gintech Energy and Solar Energy's subsidiaries	<u>(2,002,146)</u>	<u>(707,746)</u>
	<u>\$ (683,088)</u>	<u>\$ (1,578,002)</u>

e. Net cash inflow due to consolidation

	<b>Gintech Energy</b>	<b>Solartech Energy</b>
Consideration paid in cash	\$ -	\$ -
Less: Cash inflow due to consolidation	<u>(5,057,365)</u>	<u>(340,165)</u>
	<u>\$ (5,057,365)</u>	<u>\$ (340,165)</u>

f. Impact of acquisitions on the results of the Group

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

	<b>For the year ended December 31, 2018</b>	
	<b>Gintech Energy</b>	<b>Solartech Energy</b>
Revenue	<u>\$ 2,016,053</u>	<u>\$ 689,709</u>
Loss	<u>\$ (649,676)</u>	<u>\$ (326,322)</u>

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

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

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

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

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

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

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

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

- a. Consideration received from the disposal

	<b>For the Year Ended December 31, 2019</b>
	<u>USA</u>
Consideration received in cash and cash equivalents	<u>\$ 747,551</u>
Total consideration received	<u>\$ 747,551</u>

	<b>For the Year Ended December 31, 2018</b>			
	<b>Taiwan</b>	<b>USA</b>	<b>Japan</b>	<b>UK</b>
Consideration received in cash and cash equivalents	\$ 144,476	\$ 754,309	\$ 279,206	\$ 157,315
Sales proceeds receivable	<u>4,960</u>	<u>26,325</u>	<u>-</u>	<u>-</u>
Total consideration received	<u>\$ 149,436</u>	<u>\$ 780,634</u>	<u>\$ 279,206</u>	<u>\$ 157,315</u>

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

	<b>For the Year Ended December 31, 2019</b>
	<b>USA</b>
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>For the Year Ended December 31, 2018</b>			
	<b>Taiwan</b>	<b>USA</b>	<b>Japan</b>	<b>UK</b>
Current assets				
Cash and cash equivalents	\$ 23,714	\$ -	\$ 93	\$ 96,411
Lease receivables	4,456	-	18,925	-
Other receivables	2,163	-	-	-
Other receivables from related parties	64,090	-	-	-
Construction in progress	-	339,295	-	895,694
Others	6,759	650	624	-
Non-current assets				
Property, plant and equipment	341,073	432,238	480,029	-
Others	24,706	-	4,693	-
Current liabilities				
Accounts payable	-	-	-	(189,359)
Payables to contractors and equipment suppliers	(8,908)	-	-	-
Current tax liabilities	(392)	-	-	-
Accrued expenses	(163,013)	-	(416,601)	(739,286)
Non-current liabilities				
Long-term bank loans	<u>(178,231)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets disposed of	<u>\$ 116,417</u>	<u>\$ 772,183</u>	<u>\$ 87,763</u>	<u>\$ 63,460</u>

c. Gain (loss) on disposal of subsidiaries

	<b>For the Year Ended December 31, 2019</b>
	<u>USA</u>
Consideration received	\$ 747,551
Realized gain	16,808
Net assets disposed of	<u>(551,586)</u>
Gain on disposal	<u>\$ 212,773</u>

	<b>For the Year Ended December 31, 2018</b>			
	<u>Taiwan</u>	<u>USA</u>	<u>Japan</u>	<u>UK</u>
Consideration received	\$ 149,436	\$ 780,634	\$ 279,206	\$ 157,315
Realized gain	6,927	3,848	-	-
Intangible assets - contracts with customers	-	-	(72,085)	-
Net assets disposed of	<u>(116,417)</u>	<u>(772,183)</u>	<u>(87,763)</u>	<u>(63,460)</u>
Gain on disposal	<u>\$ 39,946</u>	<u>\$ 12,299</u>	<u>\$ 119,358</u>	<u>\$ 93,855</u>

d. Net cash inflow on disposal of subsidiaries

	<b>For the Year Ended December 31, 2019</b>
	<u>USA</u>
Consideration received in cash and cash equivalents	<u>\$ 747,551</u>

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

### 33. CASH FLOW INFORMATION

#### a. Changes in liabilities arising from financing activities

For the year ended December 31, 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>\$1,085,503</u>	<u>\$ (93,193)</u>	<u>\$ (7,361)</u>	<u>\$ 39,218</u>	<u>\$ (39,972)</u>	<u>\$ 34,104</u>	<u>\$1,018,299</u>

Note: The financing costs of lease liabilities.

### 34. CAPITAL MANAGEMENT

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

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

### 35. FINANCIAL INSTRUMENTS

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

December 31, 2019

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Lease receivables (including current and non-current portions)	\$ 35,140	\$ -	\$ -	\$ 35,140	\$ 35,140

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

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

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

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

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

1) Fair value hierarchy

December 31, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets at FVTPL</b>				
Long call options	\$ -	\$ -	\$ 232,865	\$ 232,865
Cross currency swap contracts	-	2,392	-	2,392
Put options	<u>-</u>	<u>-</u>	<u>35,514</u>	<u>35,514</u>
	<u>\$ -</u>	<u>\$ 2,392</u>	<u>\$ 268,379</u>	<u>\$ 270,771</u>
<b>Financial assets at FVTOCI</b>				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 2,287,336	\$ 141,540	\$ -	\$ 2,428,876
Equity securities				
Domestic unlisted shares	-	-	76,594	76,594
Foreign unlisted shares	<u>-</u>	<u>-</u>	<u>20,426</u>	<u>20,426</u>
	<u>\$ 2,287,336</u>	<u>\$ 141,540</u>	<u>\$ 97,020</u>	<u>\$ 2,525,896</u>
<b>Financial liabilities at FVTPL</b>				
Short call options	\$ -	\$ -	\$ 143,814	\$ 143,814
Foreign exchange forward contracts	<u>-</u>	<u>775</u>	<u>-</u>	<u>775</u>
	<u>\$ -</u>	<u>\$ 775</u>	<u>\$ 143,814</u>	<u>\$ 144,569</u>

December 31, 2018

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

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

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

For the year ended December 31, 2019

	<u>Financial Assets at Fair Value Through Profit or Loss</u>		<u>Financial Assets at Fair Value Through Other Comprehensive Income</u>
	<u>Long Call Options</u>	<u>Put Options</u>	<u>Equity Instruments</u>
<u>Financial assets</u>			
Balance at January 1, 2019	\$ 243,130	\$           -	\$ 135,751
Recognized in profit or loss - unrealized	(4,506)	35,514	(38,731)
Effect of exchange rate changes	<u>(5,759)</u>	<u>          -</u>	<u>          -</u>
Balance at December 31, 2019	<u>\$ 232,865</u>	<u>\$ 35,514</u>	<u>\$ 97,020</u>
			<u>Financial Liabilities at Fair Through Profit or Loss</u>
			<u>Short Call Options</u>
<u>Financial liabilities</u>			
Balance at January 1, 2019			\$ 191,790
Recognized in profit or loss - unrealized			(44,651)
Effect of exchange rate changes			<u>(3,325)</u>
Balance at December 31, 2019			<u>\$ 143,814</u>

For the year ended December 31, 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	\$ 117,840	\$ 23,674	\$ 94,363
Acquisitions through business combinations	-	-	66,245
Purchases	127,543	-	59,086
Recognized in profit or loss - unrealized	(5,669)	-	(83,943)
Recognized in profit or loss - realized	-	(23,674)	-
Effect of exchange rate changes	<u>3,416</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2018	<u>\$ 243,130</u>	<u>\$ -</u>	<u>\$ 135,751</u>

	<b>Financial Liabilities at Fair Through Profit or Loss</b>
	<b>Short Call Options</b>
<u>Financial liabilities</u>	
Balance at January 1, 2018	\$ 94,014
Additions	108,758
Recognized in profit or loss - unrealized	13,540
Effect of exchange rate changes	<u>(24,522)</u>
Balance at December 31, 2018	<u>\$ 191,790</u>

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

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

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

a) Put options

The Black-Scholes model was used to determine the fair value of the put options redeemed, and the most significant unobservable input was volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value of these put options. As of December 31, 2019, the volatility used was 35.58%.

Sensitivity analysis

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

	<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 year ended <u>December 31, 2019</u>				
Financial assets at Fair value through profit or loss				
Put options	38.58%	+0.5%	\$ 178	-
	38.58%	-0.5%	<u>(178)</u>	-
			<u>\$ -</u>	

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

b) Long call options and short call options

Long call options and short call options use the options pricing model to determine their fair value, and the most significant unobservable input was volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value of these options. As of December 31, 2019 and 2018, the volatilities used were 17% ~ 18%, respectively.

### Sensitivity analysis

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

	<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, 2019</u>				
Financial assets at fair value through profit or loss				
Short call options	17.50%-18.00%	+0.5%	\$ (3,094)	-
	17.50%-18.00%	-0.5%	<u>3,090</u>	-
			<u>\$ (4)</u>	
<u>For the year ended December 31, 2018</u>				
Financial assets at fair value through profit or loss				
Short call options	17.00%-18.00%	+0.5%	\$ (3,103)	-
	17.00%-18.00%	-0.5%	<u>3,092</u>	-
			<u>\$ (11)</u>	

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

#### c) Domestic and foreign unlisted shares

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

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

An increase in the volatility used in isolation would result in a decrease in the fair value of these equity instruments. As of December 31, 2019, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 1.6300 and 38.22%, respectively. As of December 31, 2018, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 1.4100 and 30.00%, respectively; while the price multiplier and volatility used to determine the fair value of foreign unlisted shares were 1.3100 and 35.06%, respectively.

#### Sensitivity analysis

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

	<b>Input</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, 2019</u>				
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	1.6300	+5.0%	-	\$ 1,471
	1.6300	-5.0%	-	(1,354)
	38.22%	+1.0%	-	(294)
	38.22%	-1.0%	-	<u>294</u>
				<u>\$ 117</u>
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	1.4100	+5.0%	-	\$ 2,236
	1.4100	-5.0%	-	(2,236)
	30.00%	+1.0%	-	(647)
	30.00%	-1.0%	-	647
Foreign unlisted shares	1.3100	+5.0%	-	967
	1.3100	-5.0%	-	(967)
	35.06%	+1.0%	-	(346)
	35.06%	-1.0%	-	<u>349</u>
				<u>\$ 3</u>

#### d) Conversion and redemption options

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

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2019</b>	<b>2018(After restatement)</b>
<u>Financial assets</u>		
FVTPL		
Mandatorily at FVTPL	\$ 270,771	\$ 243,130
Financial assets at amortized cost (Note 1)	11,763,132	19,360,067
Financial assets at FVTOCI		
Equity instruments	2,525,896	1,729,231
<u>Financial liabilities</u>		
FVTPL		
Held for trading	144,569	191,790
Amortized cost (Note 2)	23,306,243	30,443,504

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

Note 2: The balances include short-term loans, short-term bills payable, notes and accounts payable, accounts payable to related parties, payables to contractors and equipment suppliers, accrued expenses, long-term loans, bonds payable, preference share liabilities, etc. and were carried at amortized cost.

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

	<u>USD Impact</u>		<u>EUR Impact</u>		<u>JPY Impact</u>	
	<u>For the Year Ended</u>		<u>For the Year Ended</u>		<u>For the Year Ended</u>	
	<u>December 31</u>		<u>December 31</u>		<u>December 31</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Profit (loss)	\$ 33,495	\$ 18,851	\$ 5,672	\$ 8,212	\$ (148)	\$ (294)

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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Fair value interest rate risk		
Financial assets	\$ 1,404,547	\$ 2,119,044
Financial liabilities	(7,071,976)	(9,849,642)
Cash flow interest rate risk		
Financial assets	6,975,027	12,781,956
Financial liabilities	(14,968,342)	(16,909,886)

#### Sensitivity analysis

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

If interest rates had been 1% higher and all other variables were held constant, the Group's profit for 2019 and 2018 would (decrease) increase by \$(79,933) thousand and \$41,279 thousand, respectively, mainly because of the Group's exposure to interest rates on its variable-rate demand deposits and bank borrowings.

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

#### c) Other price risk

The Group is exposed to equity price risk on financial asset at FVTOCI for the year ended December 31, 2019 and 2018.

#### 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 2019 would decrease by \$126,295 thousand as a result of the changes in the fair value of financial assets at FVTOCI.

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

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

#### 2) Credit risk

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

#### a) The carrying amounts of the financial assets recognized in the consolidated balance sheets; and

b) The amount of contingent liabilities on financial guarantees issued by the Group.

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

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

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

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

The Group's 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 for non-derivative financial liabilities

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

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

December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1 - 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 1,413,740	\$ 498,953	\$ 280,322	\$ 122,315
Variable interest rate liabilities	423,600	1,296,249	1,775,763	12,282,550
Fixed interest rate liabilities	281,019	4,388,161	1,043,784	369,518
Lease liabilities	<u>7,627</u>	<u>15,633</u>	<u>64,777</u>	<u>1,340,979</u>
	<u>\$ 2,125,986</u>	<u>\$ 6,198,996</u>	<u>\$ 3,164,646</u>	<u>\$ 14,115,362</u>

Additional information about the maturity analysis for lease liabilities:

	Up to 1 Year	Over 1 Year - 5 Years	Over 5 Years - 10 Years	Over 10 Years - 15 Years	Over 15 Years - 20 Years	20+ Years
Lease liabilities	\$ <u>88,037</u>	\$ <u>424,014</u>	\$ <u>390,971</u>	\$ <u>183,816</u>	\$ <u>103,518</u>	\$ <u>238,660</u>

December 31, 2018

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

The amounts included above for variable interest rate instruments for non-derivative financial assets and liabilities were subject to change if changes in variable interest rates differed from the interest rates estimated at the end of the reporting period.

b) Liquidity and interest risk rate tables for derivative financial liabilities

The following tables show the Group's liquidity analysis for its derivative financial instruments. The tables were based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

December 31, 2019

	On Demand or Less than 1 Month	1 - 3 Months	3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Foreign exchange forward contracts	\$ 755	\$ -	\$ -	\$ -
Short call options	<u>-</u>	<u>-</u>	<u>-</u>	<u>143,814</u>
	\$ <u>755</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>143,814</u>

December 31, 2018

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

### 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 Party</u>	<u>Relationship with the Company</u>
Delta Electronics Inc.	Investors with significant influence on certain group entities (Note 1)
Delta Electronics (Japan), Inc.	Other related parties (Note 1)
Delta Electronics (Americas) Ltd.	Other related parties (Note 1)
Delta Greentech Ltd. - Turkey	Other related parties (Note 1)
Delta Electronics (Switzerland) AG	Other related parties (Note 1)
Zhongda Electronic (Jiangsu) Co., Ltd.	Other related parties (Note 1)
Zhongda Electronic Parts And Components (Wujian) Co., Ltd.	Other related parties (Note 1)
Phanes FZ LLC	Other related parties (Note 2)
Phanes Holding	Other related parties (Note 2)
Oryx Solar System Solutions LLC	Other related parties (Note 2)
TTMC	Other related parties
SAS	Other related parties (Note 3)
TSCC	Other related parties (Note 3)
TGET	Other related parties (Note 4)
Clean Focus Management Acquisition LLC	Other related parties (Note 5)
Shanghai Surui Leasing & Financing Limited	Other related parties (Note 5)
Neo Cathay	Associates
Neo Cathay Electric Power Corp. (Neo Cathay Electric)	Associates (Note 6)
DEST	Associates
Si One Corp. (Si One)	Associates (Note 6)
Da Li Energy Co., Ltd. (Da Li Energy)	Associates (Note 6)
Yong Han	Associates (Note 7)
Yun Yeh	Associates (Note 7)
Shanghai Cenat New Energy Company Limited	Associates (Note 8)
CFY	Associates
Clean Focus Corporation (CFC)	Associates
CF Gainesville Owner One, LLC	Associates (Note 8)
CF SBC Owner One LLC	Associates (Note 8)
CF Vegas Holdings LLC	Associates (Note 8)
Greenskies Renewable Energy LLC	Associates (Note 8)
CF Lessee LOB LLC	Associates (Note 8)
Verde Solar Inc.	Associates (Note 8)
V5 Technology	Associates
Gintung	Associates (Note 9)
Sunshine PV	Associates (Note 9 and 10)
DevCo One	Joint venture
DevCo Two	Joint venture
JV2	Joint venture

Note 1: On October 15, 2018, Delta Company originally held 6.64% of the equity of the Corporation. After the election of the directors of the Corporation on November 20, 2018, the directors representing Delta Company resigned from the board of directors of the Corporation. Delta Company and its subsidiaries 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 November 20, 2018 were disclosed as related party transactions.

Note 2: 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 3: After the date of merger, October 1, 2018, the Corporation and the directors of the Corporation became the shareholders of SAS and TSCC and became their directors. SAS and TSCC meet the definition of other related parties. Therefore, the outstanding amounts and transactions after October 31, 2018 were disclosed as related party transactions.

Note 4: 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 5: Same directors with CFGP, so that meet the definition of other related parties.

Note 6: The associates were Neo Cathay's subsidiaries.

Note 7: Yong Han and Yun Yeh had become subsidiaries of Neo Cathay since March 30, 2018 and were deemed associates; thus, the Group disclosed the trading transactions from March 30, 2018 and the balances as of March 30, 2018.

Note 8: The associates were CFY's subsidiaries.

Note 9: The acquisition of subsidiaries is due to absorption merging the two corporations, Gintech Energy and Solartech Energy on October 1, 2018. Therefore, the outstanding amounts and transactions after October 1, 2018 were disclosed as related party transactions.

Note 10: 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. Revenue from the sale of goods

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Associates	\$ 1,487,725	\$ 1,287,666
Other related parties	11,210	50,677
Investors with significant influence	_____ -	_____ 79
	<u>\$ 1,498,935</u>	<u>\$ 1,338,422</u>

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

c. Other income

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Associates	\$ 14,715	\$ 14,591
Other related parties	_____ 5,446	_____ 79
	<u>\$ 20,161</u>	<u>\$ 14,670</u>

d. Dividends

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties		
SAS	\$ 65,581	\$ -
TTMC	<u>2,800</u>	<u>3,680</u>
	<u>\$ 68,381</u>	<u>\$ 3,680</u>

e. Interest income

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties		
Phanes Holding	\$ 9,541	\$ 11,487
Associates		
CFY	2,809	13,969
Others	1,336	750
Joint ventures	<u>390</u>	<u>7,092</u>
	<u>\$ 14,076</u>	<u>\$ 33,298</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>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties	\$ 11,620	\$ 112
Investors with significant influence	<u>-</u>	<u>5,406</u>
	<u>\$ 11,620</u>	<u>\$ 5,518</u>

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

g. Other expenses

<b>Related Party Category</b>	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Associates	\$ 48	\$ 61,206
Other related parties	-	1,574
Investors with significant influence	<u>-</u>	<u>652</u>
	<u>\$ 48</u>	<u>\$ 63,432</u>

h. Accounts receivable

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Associates		
CFC	\$ 280,111	\$ 367,956
Da Li Energy	119,371	-
Verde Solar	82,981	85,042
Others	41,470	101,454
Less: Allowance for impairment loss-Associate	<u>(8,464)</u>	<u>(21,986)</u>
	<u>\$ 515,469</u>	<u>\$ 532,466</u>

The outstanding trade receivables from related parties are unsecured.

i. Other receivables

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Associates		
CFC	\$ 320,566	\$ 113,131
CF Leases LOB LLC	836	493,797
CFY	-	133,141
Others	634	16,691
Other related parties		
Clean Focus Management Acquisition LLC	183,755	188,319
Others	20,997	13,440
Joint venture		
DevCo One	153,166	128,426
Others	11,398	16,189
Less: Allowance for impairment loss		
Joint venture	(11,398)	-
Associates	<u>-</u>	<u>(8,400)</u>
	<u>\$ 679,954</u>	<u>\$ 1,094,734</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>Related Party Category</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Associates		
Si One	\$ 364,151	\$ 45,789
Da Li Energy	50,967	24,261
Other	<u>45,940</u>	<u>-</u>
	<u>\$ 461,058</u>	<u>\$ 70,050</u>

No impairment loss was recognized for contract assets from related parties in 2019 and 2018, respectively.

k. Prepayments

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties		
SAS	<u>\$ 1,117,975</u>	<u>\$ 1,118,451</u>

l. Accounts payable

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties		
SAS	\$ 6,652	\$ (312)
TSCC	-	380
Investors with significant influence		
Delta Electronics Inc.	<u>-</u>	<u>373</u>
	<u>\$ 6,652</u>	<u>\$ 441</u>

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

m. Contract liabilities

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Associates		
Si One	\$ 32,588	\$ 88,306
Others	7,083	14,681
Other related parties	<u>11</u>	<u>1,194</u>
	<u>\$ 39,682</u>	<u>\$ 104,181</u>

n. Payables to contractors and equipment suppliers

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties	\$ 964	\$ -
Investors with significant influence	<u>-</u>	<u>12,936</u>
	<u>\$ 964</u>	<u>\$ 12,936</u>

o. Other accrued expenses

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Joint Ventures		
DevCo One	\$ 138,960	\$ 118,195
Other related parties	4,229	12,273
Associates	600	244,279
Investors with significant influence	<u>-</u>	<u>194</u>
	<u>\$ 143,789</u>	<u>\$ 374,941</u>

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

p. Acquisitions of property, plant and equipment

	<b>Purchase Price</b>	
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties	\$ 80,035	\$ 164,381
Investors with significant influence	<u>-</u>	<u>26,830</u>
	<u>\$ 80,035</u>	<u>\$ 191,211</u>

q. Project Receipts

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Associates	\$ -	\$ 132,752
Other related parties	<u>-</u>	<u>14,345</u>
	<u>\$ -</u>	<u>\$ 147,097</u>

The project receipts were the cost of power facility construction, the transaction between the Group and the related parties were based on specifically negotiated terms.

r. Disposal of subsidiaries

For details on disposal of subsidiaries of the Corporation, refer to Note 32.

s. Endorsements and guarantees

For details on loans to related parties and endorsements and guarantees, refer to Note 41.

t. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term benefits	\$ 95,720	\$ 121,461
Share-based payments	1,686	1,203
Post-employment benefits	<u>2,076</u>	<u>195</u>
	<u>\$ 99,482</u>	<u>\$ 122,859</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:

	<u>December 31</u>	
	<b>2019</b>	<b>2018 (After Restatement)</b>
Property, plant and equipment	\$ 13,226,082	\$ 18,637,247
Finance lease receivables (including current and non-current portions)	35,140	36,717
Restricted assets (classified as other current and non-current assets)	642,259	3,701,289
Financial assets at fair value through other comprehensive income	2,172,922	1,337,855
Refundable deposits	911,486	1,004,824
Investments accounted for using the equity method	559,639	598,352
Pledged time deposits (classified as other current and non-current assets)	304,846	595,018
Power facilities construction in process (classified as inventory)	290,734	99,575
Inventory	<u>-</u>	<u>1,021</u>
	<u>\$ 18,143,108</u>	<u>\$ 26,011,898</u>

### 38. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group were as follows:

a. Significant commitments

1) Long-term purchase contracts:

- a) The Group entered into long-term material supply agreements with multiple suppliers of raw material for silicon chip; the longest contract duration was until December 31, 2022. The Group has to make advance payments as guarantee and such suppliers shall meet the supply of materials in accordance with contract terms. As of December 31, 2019, the Group recognized prepayments of USD56,320 thousand (roughly NT\$1,764,266 thousand), EUR8,636 thousand (roughly NT\$397,190 thousand) shown in the consolidated balance sheet. The Group recognized an impairment loss of NT\$15,895 thousand and a reversal of the impairment loss of prepayment of NT\$78,924 thousand because of poor operating conditions of suppliers for the year ended December 31, 2019 and 2018, respectively; and the Group recognized a reversal of the impairment loss of \$14,129 thousand because of their supplier liquidation allocation for the year ended December 31, 2019. The Group recognized an impairment loss of \$398,581 thousand because of poor operating conditions of suppliers for the year ended December 31, 2018.

2) Material sell-buy agreements:

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

The information was as follows:

<b>Company Name</b>	<b>Buyer</b>	<b>Duration</b>	<b>Note</b>
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
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

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 \$2,954,972 thousand and the unpaid amount was \$907,301 thousand as of December 31, 2019.

4) Unused letters of credit amounted to approximately US\$3,411 thousand as of December 31, 2019.

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.

On October 28, 2019, the Shanghai Third Intermediate People's Court issued an announcement. It agreed to transfer the bankruptcy application and liquidation procedures of CLP Shanghai for bankruptcy and reorganization procedures, and on the same day ruling CLP Shanghai was reorganized. On December 24, 2019, the Group filed a claim with the bankruptcy administrator.

- 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 judgement of Taichou Intermediate People's court on August 7, 2019 was to accept the liquidation of bankruptcy application. Hence, DelSolar Wujiang Has claimed declaration to the administrator on November 27, 2019.
- 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. The Corporation has accrued a probable losses and will adjust any amount base on the result of such verdict, if necessary.

- 8) 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. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

On January 8, 2020, according to the shareholder agreement between the Group and CFY, the Group requested CFY to redeem the CFY shares held by the Corporation at a contract price of USD 54,792.

### 40. SIGNIFICANT DENOMINATED IN FOREIGN CURRENCIES ASSETS AND LIABILITIES

The Group entities’ significant financial assets and liabilities denominated in foreign currencies are aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	December 31			
	2019		2018	
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)
<u>Financial assets</u>				
Monetary assets				
USD	\$ 176,175	29.9950	\$ 224,768	30.7400
USD (Note 2)	635	6.9756	260	6.8677
USD (Note 3)	14,645	29.7186	25,523	32.2222
EUR	4,183	33.6200	14,999	35.2200
JPY	618,318	0.2760	836,703	0.2781
RMB	11,007	4.3000	50,346	4.4760
GBP	187	39.3900	2,058	38.9500
DOP	26	0.5669	386	0.6116
Non-monetary assets				
USD	1,159	29.9950	1,144	30.7400
USD	681	29.9950	763	28.9978
EUR	-	-	600	32.2300
MYR	28,860	7.0380	52,054	7.1190

(Continued)

	December 31			
	2019		2018	
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)
<u>Financial liabilities</u>				
Monetary liabilities				
USD	\$ 150,007	29.9950	\$ 229,154	30.7400
USD (Note 2)	4,653	6.9756	-	-
USD (Note 3)	14,461	29.7186	9,132	32.2222
EUR	550	33.6200	10,097	35.2200
EUR (Note 2)	210	7.8186	210	7.8686
EUR (Note 3)	49	33.3102	29	36.9182
JPY	629,041	0.2760	857,838	0.2781
GBP	27	39.3900	38	38.9500
RMB	1,853	4.3000	536	4.4760
DOP	1,322	0.5669	1,576	0.6116
NTD (Note 3)	-	-	146	1.0482
				(Concluded)

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

Note 2: Exchange rates between foreign currencies and RMB.

Note 3: Exchange rates between foreign currencies and THB.

For the year ended December 31, 2019 and 2018, realized and unrealized foreign exchange gains (losses) were \$25,950 thousand and \$(61,243) 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.

#### 41. 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 costs or prices of at least \$300 million or 20% of the paid-in capital: Table 4 (attached)

- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None
- 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: Table 7 (attached)
- j. Related information of investees over which the Corporation exercises significant influence: Table 7 (attached)
- k. Investments in mainland China:
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 8 (attached)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 9 (attached)
- l. Intercompany relationships and significant intercompany transactions: Table 10 (attached)

#### 42. 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 Year Ended December 31</b>			
	<b>2019</b>		<b>2018 (Restated)</b>	
	<b>From External Customers</b>	<b>Inter-segment Sales</b>	<b>From External Customers</b>	<b>Inter-segment Sales</b>
Modules	\$ 9,522,440	\$ 238,409	\$ 7,190,802	\$ 328,292
Solar cells	5,684,108	316,232	3,315,166	67,031
Power facilities	2,518,512	144,397	2,232,290	10,806
Others	<u>414,052</u>	<u>1,358,279</u>	<u>398,767</u>	<u>93,258</u>
Total for continuing operations	<u>\$ 18,139,112</u>	<u>\$ 2,057,317</u>	<u>\$ 13,137,025</u>	<u>\$ 499,387</u>

	<b>Segment Profit or Loss</b>	
	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Modules	\$ 842,568	\$ (55,837)
Solar cells	(1,576,855)	(1,279,860)
Power facilities	217,738	460,477
Others	<u>(465,982)</u>	<u>(101,887)</u>
Gross loss of reportable segments	(982,531)	(977,107)
Unrealized intercompany profit	<u>(1,792)</u>	<u>92,971</u>
	(984,323)	(884,136)
Unallocated amount		
Operating expenses	(2,470,935)	(1,718,847)
Other income and expenses	(1,766,692)	(260,378)
Non-operating income and expenses	<u>(484,606)</u>	<u>2,281,499</u>
Net loss profit before income tax	<u>\$ (5,706,556)</u>	<u>\$ (581,862)</u>

Segment profit or loss represents profit or loss created by each segment without the allocation of operating expenses and non-operating income expenses. This is the measure reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

b. Segment assets

The Group does not provide information on assets regularly to the Group's chief operating decision maker; thus, the measure of assets is zero.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>
Modules	\$ 9,522,440	\$ 7,190,802
Solar cells	5,684,108	3,249,827
Power facilities	802,662	712,943
Others	<u>2,129,902</u>	<u>1,983,453</u>
	<u>\$ 18,139,112</u>	<u>\$ 13,137,025</u>

d. Geographical information

The Group's revenue from continuing operations from external customers by location of customers' countries and information about its non-current assets by location of assets are detailed below.

	<b>Revenue from External Customers</b>		<b>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2019</b>	<b>2018 (Restated)</b>	<b>2019</b>	<b>2018 (Restated)</b>
Taiwan	\$ 6,031,214	\$ 6,743,458	\$ 12,506,476	\$ 15,615,721
USA	2,810,770	1,027,606	2,415,878	5,180,655
India	2,404,830	-	-	-
Germany	2,319,921	1,991,574	-	-
Others	<u>4,572,377</u>	<u>3,374,387</u>	<u>4,142,604</u>	<u>4,423,132</u>
	<u>\$ 18,139,112</u>	<u>\$ 13,137,025</u>	<u>\$ 19,064,958</u>	<u>\$ 25,219,508</u>

Non-current assets exclude investments accounted for using the equity method, prepaid investments in shares, financial instruments, deferred tax assets, goodwill, brands and other assets.

e. Information about major customers

Single customers who contributed 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Customer DP	NA (Note)	NA (Note)	\$ 1,795,032	14
Customer CO	NA (Note)	NA (Note)	1,386,659	11

Note: Revenue less than 10% of the Group's revenue.

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
0	GES JAPAN	GES UK	Other receivables from related party	YES	\$ 265,140	\$ 248,400	\$ 248,400	2.900	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 714,485 (Notes 2, 3 and 4)	\$ 714,485	Note 2
4	DelSolar Wu Jiang	NSP Nanchang	Other receivables from related party	YES	820,395	473,000	473,000	2.730	2	-	Operating capital	-	-	-	362,364 (Notes 2, 3 and 4)	362,364	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 and GES are not subject to Note 2. The financing company's total financing should not exceed three years and the total amount of financing and the financing for a counterparty should not exceed 100% of its net asset value.

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China		
		Name	Relationship												
0	The Corporation	Zhongyang	Subsidiary	\$ 4,144,399	\$ 770,000	\$ -	\$ -	-	-	\$ 10,360,997	YES	-	-		
		GES UK	Subsidiary	4,144,399	674,348	584,903	448,560	-	2.82	10,360,997	YES	-	-		
		Gintech (Thailand)	Subsidiary	4,144,399	653,535	632,735	169,078	-	3.05	10,360,997	YES	-	-		
		GES USA	Subsidiary	4,144,399	580,362	555,012	330,050	-	2.68	10,360,997	YES	-	-		
		NSP System	Subsidiary	4,144,399	500,000	500,000	374,400	-	2.41	10,360,997	YES	-	-		
		Yong Liang	Subsidiary	4,144,399	417,250	347,250	191,564	-	1.68	10,360,997	YES	-	-		
		NSP Indygen	Subsidiary	4,144,399	364,500	354,510	354,510	-	1.71	10,360,997	YES	-	-		
		CFR	Subsidiary	4,144,399	307,400	-	-	-	-	10,360,997	YES	-	-		
		Apex	Subsidiary	4,144,399	263,000	263,000	261,000	-	1.27	10,360,997	YES	-	-		
		The Corporation	Subsidiary	4,144,399	51,120	51,120	-	-	0.25	10,360,997	YES	-	-		
		NSP NEVADA	Subsidiary	4,144,399	46,110	46,110	-	-	0.22	10,360,997	YES	-	-		
		1	GES USA	TEV solar	Subsidiary	1,465,613	315,218	301,450	299,950	-	20.57	2,931,226	YES	-	-
				MEGASIXTEEN	Subsidiary	1,465,613	266,603	254,958	254,958	-	17.40	2,931,226	YES	-	-
MUNISOL	Subsidiary			1,465,613	139,261	133,178	133,178	-	9.09	2,931,226	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 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  
DECEMBER 31, 2019

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2018				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Shares</u> CTCI	Investee	Financial assets at fair value through other comprehensive income- current	3,003	\$ 114,414	0.39	\$ 114,414	-
	SAS	Investee	Financial assets at fair value through other comprehensive income- non-current	21,860	2,172,922	3.73	2,172,922	Note 1
	TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	4,000	80,880	5.44	80,880	Notes 2 and 3
	EXOJET	Investee	Financial assets at fair value through other comprehensive income- non-current	5,885	28,896	12.06	28,896	-
	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	2.00	2,000	-
	ASIA GLOBAL VENTURE CAPITAL II CO., LTD.	Investee	Financial assets at fair value through other comprehensive income- non-current	1,000	20,426	10.00	20,426	-
	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	149,975	100.00	149,975	-
New Ray Investment	<u>Shares</u> TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	3,000	60,659	4.08	60,659	Notes 2 and 3
	Apex	<u>Shares</u> TOP GREEN ENERGY TECHNOLOGIES INC.	Investee	Financial assets at fair value through other comprehensive income- non-current	8,889	27,098	7.11	27,098

Note 1: The asset has been pledged as collaterals for long-term bank loans and financing facilities. For the details refer to Note 43.

Note 2: The above amount is based on fair value. For those pertaining to private-placement shares, the amount is based on quoted market prices; and for those that cannot be traded during the lock-up period, the amount is based on relevant market prices.

Note 3: TTMC's shares held by the Corporation and New Ray Investment through private equity placement were restricted under Article 43-8 of the Securities and Exchange Act.

Note 4: Except for the above mentioned, the above marketable securities had not been pledged or mortgaged as of December 31, 2019.

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Shares	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	-	\$ -
GES UK	GES USA	Investment accounted for using the equity method	-	Subsidiary	39,680	1,185,163	13,736	387,161	-	-	-	-	53,416	1,572,325

Note : 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 YEAR ENDED DECEMBER 31, 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	Utech CFC	Subsidiary Associate	Purchase	\$ 371,714	2.38	OA 7 days after receipt	\$ -	-	\$ (49,218)	(3.24)	-
			Sale	194,765	1.31	60 days from the invoice date	-	-	105,197	4.79	-
	NSP System	Subsidiary	Sale	177,287	1.19	60 days from the invoice date	-	-	94,616	4.31	-
	Gintech (Thailand)	Subsidiary	Purchase	156,068	1.00	15 days from the invoice date	-	-	(275,810)	(18.17)	-
			Sale	1,004,950	6.74	60 days from the invoice date	-	-	158,620	7.22	-
NSP System	Si One	Associate	Sale	697,723	60.82	15 days from the invoice date	-	-	25,559	4.49	-
	Da Li Energy	Associate	Sale	415,205	36.19	15 days from the invoice date	-	-	119,371	20.97	-

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  
DECEMBER 31, 2019

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

Company Name	Related Party	Relationship	Ending Balance (Note 1)	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
The Corporation	DelSolar US	Subsidiary	\$ 969,633	-	\$ 969,633	Receivable according to the financial situation	\$ -	\$ -
	GES ME	Subsidiary	629,372	-	629,372	Receivable according to the financial situation	-	-
	NSP NEVADA	Subsidiary	562,020	-	562,020	Receivable according to the financial situation	-	-
	GES USA	Subsidiary	189,162	-	189,162	Receivable according to the financial situation	-	-
	Gintech (Thailand)	Subsidiary	179,885	4.52	111,711	Receivable according to the financial situation	-	-
	NSP Nanchang	Subsidiary	139,578	-	139,578	Receivable according to the financial situation	-	-
	NSP System	Subsidiary	116,666	-	48,324	Receivable according to the financial situation	48,419	-
	CFC	Associate	105,197	1.74	105,197	Receivable according to the financial situation	28,275	8,434
	DelSolar WuJiang	NSP Nanchang	Subsidiary	542,118	-	-	Receivable according to the financial situation	-
NSP NEVADA CFR	GES USA	Subsidiary	243,620	-	-	Receivable according to the financial situation	-	-
	CFC	Associate	391,126	0.21	-	Receivable according to the financial situation	17,997	-
	Clean Focus Management Acquisition LLC	Associate	183,755	-	-	Receivable according to the financial situation	-	-
	DevCo One	Associate	121,040	-	-	Receivable according to the financial situation	-	-
GES JAPAN	GES UK	Parent company	248,400	-	-	Receivable according to the financial situation	-	-
	Hashimoto	Subsidiary	211,028	-	211,028	Receivable according to the financial situation	-	-
	The Corporation	The ultimate parent of the company	169,202	-	169,202	Receivable according to the financial situation	-	-
GES UK	JRC	Subsidiary	438,475	-	438,475	Receivable according to the financial situation	-	-
GES USA	MUNISOL	Grandson company	842,290	-	-	Receivable according to the financial situation	-	-
TEV II	TEV Solar	Subsidiary	590,155	-	590,155	Receivable according to the financial situation	-	-
NSP System	Da Li	Associate	117,305	-	-	Receivable according to the financial situation	117,305	-

## UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE  
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note	
				December 31, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value				
The Corporation	UES	Independent State of Somoa	Investment company	\$ 1,910,636	\$ 1,910,636	61,930	100.00	\$ 1,987,414	\$ 18,742	\$ 18,742	-	
	DelSolar Cayman	Cayman Islands	Investment company	4,906,789	4,597,639	155,126	100.00	923,603	(1,132,534)	(1,132,132)	-	
	NSP BVI	British Virgin Islands	Investment company	1,426,179	1,426,179	45,001	100.00	1,411,425	41,205	41,205	-	
	GES	Hsin-chu, Taiwan	Electronic component manufacturing and selling	-	-	-	-	-	-	-	Note 2	
	GES ME	Dubai	Solar related business	418,805	418,805	4	100.00	357,850	148	148	-	
	Apex	Hsin-chu, Taiwan	Solar related business	165,994	145,994	50,500	100.00	190,890	13,549	13,549	-	
	NSP UK	London, UK	Investment company	138,967	138,967	3,580	100.00	182,919	38,317	38,317	-	
	NSP System	Tainan, Taiwan	Solar related business	144,200	144,200	14,420	100.00	140,877	55,126	14,378	-	
	Prime Energy	Tainan, Taiwan	Electronic component manufacturing and selling	90,000	90,000	9,000	100.00	79,992	2	2	-	
	New Ray Investment	Tainan, Taiwan	Investment company	115,000	115,000	11,500	100.00	72,524	1,192	1,192	-	
	Zhongyang	Hsin-chu, Taiwan	Solar related business	24,121	24,121	3,500	100.00	37,104	5,665	5,665	-	
	Huiyang	Hsin-chu, Taiwan	Solar related business	30,427	30,427	3,100	100.00	14,489	(318)	(318)	Note 5	
	UREE	Kaohsiung, Taiwan	Solar related business	20,000	-	2,000	100.00	18,565	(5,511)	(5,511)	Note 3	
	DelSolar Singapore	Singapore	Investment company	29,743	29,743	1,250	100.00	14,489	(109)	(109)	-	
	BPS	Tainan, Taiwan	Solar related business	6,000	6,000	600	60.00	21,353	11,388	6,473	-	
	SMC	Hsin-chu, Taiwan	Solar related business	9,720	9,720	1,000	100.00	9,844	186	186	-	
	Solartech Japan	Japan	Solar related business	-	36,205	-	-	-	(25,587)	(25,587)	Note 5	
	Utech	Miaoli, Taiwan	Electronic component manufacturing	337,114	57,169	39,324	99.49	(264,541)	(429,066)	(409,616)	-	
	Yong Liang	Hsin-chu, Taiwan	Solar related business	249,000	249,000	24,900	100.00	246,742	7,625	7,625	Note 2	
	Yong Zhou	Hsin-chu, Taiwan	Solar related business	46,500	41,500	-	100.00	5,829	(6,063)	(6,063)	Note 2	
	Ever Lite	Hsin-chu, Taiwan	Electronic component selling	-	6,000	-	100.00	1	3,960	3,960	Notes 2 and 5	
	Yong Shun	Hsin-chu, Taiwan	Solar related business	2,000	2,000	200	100.00	799	(115)	(115)	Note 2	
	JRC	Dominican	Solar related business	3,717	3,717	1	1.00	466	(14,472)	(125)	Note 2	
	GES UK	London, UK	Investment company	3,170,893	3,170,893	103,890	100.00	2,443,709	44,824	44,824	-	
	Neo Cathay	Tainan, Taiwan	Investment company	600,000	600,000	60,000	40.00	608,967	43,102	17,241	-	
	TSST	Malaysia	Solar related business	417,692	417,692	97,701	42.12	86,638	(394,955)	(166,356)	-	
	V5 Technology	Hsin-chu, Taiwan	Electronic component manufacturing and selling	114,084	114,084	7,789	41.43	66,769	360	(3,091)	-	
	Gintung	Taoyuan, Taiwan	Electronic component manufacturing	34,341	34,341	13,460	36.38	-	(44,424)	(44,424)	-	
	DSET	Taipei, Taiwan	Solar related business	10,500	10,500	1,050	35.00	3,604	(11,227)	(3,929)	-	
	Solar PV	Cayman Islands	Investment company	-	-	30,500	19.92	-	(1,769)	-	Note 4	
	Dashiangying	Kaohsiung, Taiwan	Solar related and agriculture related business	100	-	10	100.00	71	(29)	(29)	Note 3	
	Shinkai	Kaohsiung, Taiwan	Solar related and agriculture related business	100	-	10	100.00	71	(29)	(29)	Note 3	
	Shanshang	Kaohsiung, Taiwan	Solar related and agriculture related business	100	-	10	100.00	71	(29)	(29)	Note 3	
	Jiangung	Kaohsiung, Taiwan	Solar related and agriculture related business	100	-	10	100.00	71	(29)	(29)	Note 3	
	Dungshr	Kaohsiung, Taiwan	Solar related and agriculture related business	100	-	10	100.00	71	(29)	(29)	Note 3	
	yanshan	Kaohsiung, Taiwan	Solar related and agriculture related business	100	-	10	100.00	71	(29)	(29)	Note 3	
	UES	RES	Independent State of Somoa	Investment company	1,971,918	1,971,918	61,930	100.00	1,951,370	18,742	18,742	-
	RES	Gintech (Thailand)	Thailand	Solar related business	1,964,202	1,964,202	20,840	100.00	1,943,986	18,714	18,714	-
	GES UK	GES USA	Nevada, US	Investment company	1,572,325	1,185,163	53,416	100.00	1,420,097	110,295	110,295	-
		NCH Solar 1	London, UK	Solar related business	395,106	414,684	7,447	100.00	309,166	7,660	7,660	-
	GES Solar 2	London, UK	Solar related business	61,326	61,326	1,022	100.00	26,892	214	214	-	
	GES Solar 3	London, UK	Solar related business	3,328	3,328	67	100.00	(3,799)	(832)	(832)	-	
	GES CANADA	Yaboda, Canada	Investment company	371,356	371,356	10,540	100.00	79,118	(15,359)	(15,359)	-	
	GES JAPAN	Kitakyushu, Japan	Investment company	665,781	665,781	276	100.00	714,485	(4,238)	(4,238)	-	
GES USA	ET ENERGY	Indiana, US	Solar related business	-	141,220	-	-	-	-	(9,911)	Note 5	
	TIPPING POINT	Ohio, US	Solar related business	-	34,471	-	-	-	-	(125)	Note 5	
	MEGATWO	California, US	Solar related business	535,187	441,462	17,723	100.00	429,114	(8,625)	(8,625)	-	
	MEGATHREE	Delaware, US	Solar related business	38,606	38,606	1,284	40.00	34,759	1,861	1,841	-	
	MEGAFIVE	California, US	Solar related business	19,527	19,527	635	100.00	19,144	674	674	-	
	MEGASIX	California, US	Solar related business	81,496	-	2,627	100.00	71,441	(5,923)	(5,923)	Note 6	
	MEGAEIGHT	California, US	Solar related business	25,843	25,843	790	100.00	20,897	(1,156)	(1,156)	-	
	MEGATWELVE	Indiana, US	Solar related business	5,204	5,204	168	100.00	2,570	(928)	(928)	-	
	MEGATHIRTEEN	Indiana, US	Solar related business	58,031	58,890	2,000	100.00	55,891	(910)	(910)	-	
	MEGASIXTEEN	Indiana, US	Solar related business	351,772	351,772	11,981	100.00	324,611	(16,682)	(16,682)	Note 7	
	MEGASEVENTEEN	Indiana, US	Solar related business	-	-	51	100.00	-	(1,544)	(1,544)	Note 6	
	MEGANINETEEN	California, US	Solar related business	4,025	4,025	132	100.00	2,202	(302)	(302)	-	
	MEGATWENTY	California, US	Solar related business	3,769	3,769	124	100.00	4,527	287	287	-	
	ASSET ONE	California, US	Solar related business	34,229	34,229	1,060	100.00	30,039	245	245	-	
	ASSET TWO	California, US	Solar related business	-	-	-	-	(296)	(102)	(102)	Note 6	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value			
GES USA	ASSET THREE	Hawaii, US	Solar related business	\$ 87,289	\$ 87,289	2,839	100.00	\$ 55,684	\$ (7,595)	\$ (7,595)	-
	ASSET FOUR	California, US	Solar related business	-	-	-	-	-	(102)	(102)	Note 6
	CENERGY	California, US	Solar related business	-	-	-	-	-	(77)	(77)	Note 6
	SH4	California, US	Solar related business	20,665	20,665	619	100.00	17,716	24	24	-
	CEDAR FALLS	Iowa, US	Solar related business	70,428	70,428	2,287	100.00	60,601	(777)	(777)	-
	Schenectady	New York, US	Solar related business	-	-	-	-	(5,761)	(338)	(338)	Note 6
	VOC	New York, US	Solar related business	-	-	-	-	(1,539)	(241)	(241)	Note 6
	SEG	New York, US	Solar related business	24,144	24,144	800	100.00	21,078	(2,532)	(2,532)	-
	KINECT	Hawaii, US	Solar related business	8,143	8,143	266	100.00	9,164	718	718	-
	RER CT 57	Connecticut, US	Solar related business	62,093	62,093	2,031	100.00	58,128	2,293	2,293	-
	TEV II	Indiana, US	Solar related business	3,018	3,018	100	50.00	(30,084)	(7,337)	(2,201)	Note 9
	Illini Power LLC	California, US	Solar related business	-	-	-	-	(23)	(24)	(24)	-
	PS CS LLC	California, US	Solar related business	-	-	-	-	(23)	(24)	(24)	-
	LITH CS LLC	California, US	Solar related business	-	-	-	-	(23)	(24)	(24)	-
	ZION CS LLC	California, US	Solar related business	-	-	-	-	(26)	(26)	(26)	-
	HEYWOOD	Massachusetts, US	Solar related business	55,424	55,424	-	55.00	32,012	(1,172)	(645)	-
	Energy Group NY 63	New York, US	Solar related business	-	-	-	100.00	-	-	-	-
	MP Solar	California, US	Solar related business	99,128	99,128	-	55.00	97,156	(171)	(94)	-
	Ventura	California, US	Solar related business	91,867	91,867	3,013	55.00	90,145	(143)	(78)	-
	NSP NEVADA	HEYWOOD	Massachusetts, US	Solar related business	43,433	43,433	-	45.00	42,386	(1,172)	(528)
MP Solar		California, US	Solar related business	79,787	79,787	-	45.00	79,491	(170)	(77)	-
Ventura		California, US	Solar related business	73,938	73,938	-	45.00	73,755	(143)	(64)	-
Livermore		Delaware, US	Solar related business	4,499	4,499	-	75.00	1,538	(18)	(14)	-
Industrial Park		US	Solar related business	11,998	11,998	-	100.00	11,836	(167)	(167)	-
GES JAPAN	Hillsboro	US	Solar related business	55,858	55,858	-	100.00	55,667	389	389	-
	Hashimoto	Wakayama, Japan	Solar related business	55,893	55,893	5	100.00	58,887	3,016	3,016	-
GES CANADA	JRC	Dominican	Solar related business	371,967	371,967	74	99.00	33,648	(14,472)	(14,347)	-
MEGATWO	MUNISOL	Mexico	Solar related business	512,519	418,778	17,153	100.00	450,081	(8,419)	(8,419)	-
ASSET THREE	SHIMA'S	Hawaii, US	Solar related business	4,496	4,496	153	100.00	3,986	(282)	(282)	-
	WAIMEA	Hawaii, US	Solar related business	16,185	16,185	526	100.00	16,466	440	440	-
	HONOKAWAI	Hawaii, US	Solar related business	12,260	12,260	418	100.00	13,420	668	668	-
	ELEELE	Hawaii, US	Solar related business	19,589	19,589	637	100.00	20,149	490	490	-
	HANALEI	Hawaii, US	Solar related business	8,595	8,595	280	100.00	7,669	(207)	(207)	-
	KAPAA	Hawaii, US	Solar related business	23,391	23,391	761	100.00	22,206	(348)	(348)	-
	KOLOA	Hawaii, US	Solar related business	17,506	17,506	569	100.00	17,782	252	252	-
	GES AC	Indiana, US	Solar related business	738,518	738,518	-	68.00	747,819	(16,640)	(166)	Note 7
	ANDERSON N.	Indiana, US	Solar related business	410,752	410,752	13,507	100.00	393,920	(5,677)	(5,677)	Note 7
	ANDERSON S.	Indiana, US	Solar related business	348,325	348,325	11,454	100.00	334,197	(4,744)	(4,744)	Note 7
	Flora	Indiana, US	Solar related business	58,235	58,235	1,915	100.00	56,279	(635)	(635)	Note 7
	Greenfield	Indiana, US	Solar related business	262,480	262,480	8,631	100.00	251,393	(3,986)	(3,986)	Note 7
MEGASIXTEEN	Spiceland	Indiana, US	Solar related business	38,767	38,767	1,275	100.00	37,276	(495)	(495)	Note 7
	TEV II	Indiana, US	Solar related business	3,018	3,018	100	100.00	2,813	(86)	(86)	Note 9
GES AC	TEV Solar	Indiana, US	Solar related business	593,754	593,754	19,675	66.19	590,066	(2,966)	(30)	Note 10
	AC GES Solar	Indiana, US	Solar related business	581,226	581,226	19,259	100.00	574,499	(1,897)	(1,897)	Note 10
AC GES Solar	Richmond	Indiana, US	Solar related business	299,760	299,760	9,933	100.00	596,664	(596)	(596)	Note 10
	Rensselaer	Indiana, US	Solar related business	16,106	16,106	534	100.00	15,891	(78)	(78)	Note 10
NSP BVI	Advance	Indiana, US	Solar related business	1,169,805	1,169,805	9,672	26.01	1,375,399	507,140	115,313	-
	CFY	Cayman Islands	Investment company	179,970	179,970	30	60.00	491	(18,235)	(17,238)	-
DelSolar Cayman	CFGP	British Virgin Islands	Solar operation management services	-	-	-	-	-	-	-	-
	NSP Stars	British Virgin Islands	Trust company	-	-	-	-	-	-	-	-
DelSolar Cayman	NSP HK	Hong Kong	Solar related business	-	-	-	100.00	-	97	97	Note 11
	DelSolar HK	Hong Kong	Investment company	3,755,374	3,755,374	125,200	100.00	315,142	(870,656)	(870,656)	-
	DelSolar US	Delaware, US	Investment company	743,876	443,926	3	100.00	444,233	(259,583)	(259,583)	-
	NSP NEVADA	Nevada, US	Solar related business	153,724	153,724	5,125	100.00	159,008	(5,073)	(5,073)	-
	URE NSP	California, US	Solar related business	14,998	14,998	500	100.00	22,630	7,866	7,866	-
DelSolar Singapore	NSP Malaysia	Malaysia	Technical management services	22,796	22,796	760	100.00	4,119	(247)	(247)	-
	NSP Vietnam	Vietnam	Technical management services	4,799	4,799	-	100.00	(82)	694	694	-
NSP UK	NSP Germany	Cologne, Germany	Solar related business	670	670	25	90.00	1,178	(1,530)	(1,377)	-
	PV Power Park	Frankfurt, Germany	Solar related business	788	788	-	100.00	700	(28)	(28)	-
NSP System	NSP Indygen	UK	Solar related business	-	-	-	100.00	60,152	41,095	41,095	-
	Hsin Jin Optoelectronics	Tainan, Taiwan	Solar related business	10,647	10,647	1,331	80.00	10,282	1,040	832	-
	Hsin Jin Solar Energy	Tainan, Taiwan	Solar related business	13,981	13,981	2,330	60.00	13,503	2,921	1,753	-
	Si Two	Tainan, Taiwan	Solar related business	20,000	20,000	2,000	100.00	19,436	(311)	(311)	-
	Tienyang	Tainan, Taiwan	Solar related business	100	-	10	100.00	(386)	(478)	(486)	Note 12
	Deyang	Tainan, Taiwan	Solar related business	100	-	10	100.00	(379)	(473)	(479)	Note 12
	Shanyang	Tainan, Taiwan	Solar related business	100	-	10	100.00	(379)	(473)	(479)	Note 12
	Jeyang	Tainan, Taiwan	Solar related business	100	-	10	100.00	(379)	(473)	(479)	Note 12
	Lianzhang	Hsinchu, Taiwan	Solar related business	100	-	10	100.00	82	(18)	(18)	Note 12
	Lianxi	Hsinchu, Taiwan	Solar related business	100	-	10	100.00	82	(18)	(18)	Note 12
Liancheng	Hsinchu, Taiwan	Solar related business	100	-	10	100.00	82	(18)	(18)	Note 12	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2019	December 31, 2018	Shares (Thousands)	% of Ownership	Carrying Value			
NSP HK	XYH Suzhou	Jiangsu, China	Solar related business	\$ -	\$ -	-	100.00	\$ -	\$ (195)	\$ (195)	-
UREE	UAE	Kaohsiung, Taiwan	Solar and agriculture related business	100	-	10	100.00	71	(29)	(29)	Note 8
CFGP	CFGP (HK)	Hong Kong	Solar operation management services	15,897	15,897	-	100.00	(10,606)	(4,106)	(4,106)	-
DelSolar HK	DelSolar Wu Jiang	Jiangsu, China	Solar related business	3,599,400	3,599,400	-	100.00	362,364	(763,397)	(763,397)	Note 11
	NSP JAPAN	Osaka, Japan	Solar related business	2,910	2,910	1	100.00	10,522	(198)	(198)	-
	NSP Nanchang	Jiangxi, China	Solar related business	149,975	149,975	-	11.36	63,755	(983,902)	(111,771)	Note 11
DelSolar US	DelSolar Development	Delaware, US	Solar related business	145,476	145,476	-	100.00	111,565	(7,767)	(7,767)	-
	CFR	Delaware, US	Solar related business	431,028	131,078	-	100.00	3,319	(202,678)	(202,678)	-
	USD1	Delaware, US	Solar related business	107,442	107,442	-	100.00	197,620	(1,056)	(1,056)	-
	JV2	Delaware, US	Solar related business	24,897	24,897	-	67.00	-	(126,877)	-	Note 13
	Beryl	Delaware, US	Solar related business	-	-	-	100.00	155,459	26,421	26,421	-
DelSolar Wu Jiang	NSP Nanchang	Jiangxi, China	Solar related business	1,169,805	1,169,805	-	88.64	(497,468)	(983,902)	(872,131)	-
DelSolar Development	DSS-USF PHX LLC	US	Solar related business	41,093	41,093	-	100.00	43,760	(1,242)	(1,242)	-
	DSS-RAL LLC	US	Solar related business	76,637	76,637	-	100.00	69,368	(7,230)	(7,230)	-
CFR	Rugged solar LLC	California, US	Solar related business	83,511	58,645	-	-	83,511	-	-	Note 6
USD1	DevCo One	US	Solar related business	13,324	13,324	-	40.00	1,804	-	-	-
	DevCo Two	US	Solar related business	13,324	13,324	-	40.00	1,804	-	-	-
CFGP (HK)	CFGP (Shanghai)	Shanghai, China	Solar operations management services	15,897	15,897	-	100.00	(10,606)	(4,106)	(4,106)	-
NSP Stars	CFY	Cayman Islands	Investment company	-	-	-	2.66	1,375,399	507,140	-	Note 14

Note 1: Subsidiaries mentioned above were recognized on the basis of unaudited financial statements as December 31, 2019.

Note 2: The Corporation which was the surviving company had a short-form merge with its 100% owned subsidiary, GES, as of March 31, 2019. The subsidiaries held by the formerly GES were transferred to the Corporation.

Note 3: UREE was approved to be established in January 2019. In July, 2019, 100% subsidiary Dashiangying, Shanshang, Yanshan, Shinkai, Jianguang and Dungshr 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. Huiyang and Ever Lite applied for liquidation procedures in the third 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 YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2019	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2019	Accumulated Repatriation of Investment Income as of December 31, 2019
					Outward	Inward						
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,599,400	Indirect investments through the Group's 100% - owned subsidiary	USD 120,000 \$ 3,599,400	\$ -	\$ -	USD 120,000 \$ 3,599,400	(USD 24,697) (\$ 763,397)	100	(USD 24,697) (\$ 763,397) (Note 1)	USD 12,081 \$ 362,364 (Note 1)	\$ -
NSP Nanchang	Solar related business	USD 44,000 \$ 1,319,780	Indirect investments through the Group's 100% - owned subsidiary	USD 5,000 \$ 149,975	-	-	USD 5,000 \$ 149,975	(USD 31,830) (\$ 983,902)	100	(USD 31,830) (\$ 983,902) (Note 1)	USD (18,711) \$ (561,223) (Note 1)	-
JiangXi Solar PV Corp. (Note 2)	Solar related business	USD 18,450 \$ 553,408	Indirect investments through the Group's 100% - owned subsidiary	USD 18,450 \$ 553,408	-	-	USD 18,450 \$ 553,408	(USD 61) (\$ 1,889)	19.92	USD - \$ -	USD - \$ -	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
USD 143,450 \$ 4,302,783	USD 149,618 (Note 3) \$ 4,487,788	\$ 12,433,195

Note 1: Amount was recognized on the basis of 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 December 31, 2019.

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

**SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
NSP Nanchang	Other operating revenue	\$ 1,203	0.01	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	\$ -	-	\$ -	-
	Purchase goods	69,640	0.45	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	(17,487)	(1.15)	-	-

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

UNITED RENEWABLE ENERGY CO., AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
				Financial Statements Items	Amount	Terms	
<u>For the year ended December 31, 2019</u>							
0	The Corporation	Gintech (Thailand)	1	Sales	\$ 1,004,950	Note 2	5%
			1	Accounts payable	275,810	Note 2	1%
			1	Purchase	156,068	Note 2	1%
			1	Sale of property, plant and equipment	123,304	Note 2	1%
		DelSolar US	1	Other receivables	969,633	Note 2	2%
		GES ME	1	Other receivables	629,372	Note 2	1%
		NSP NEVADA	1	Other receivables	562,020	Note 2	1%
		Utech	1	Purchase	371,714	Note 2	2%
		NSP System	1	Sales	177,287	Note 2	1%
		NSP Nanchang	1	Sale of property, plant and equipment	142,510	Note 2	1%
1	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	542,118	Note 2	1%
2	GES UK	JRC	3	Other receivables	438,475	Note 2	1%
		GES Japan	3	Accrued expense	248,400	Note 2	1%
3	GES USA	MUNISOL	3	Other receivables	842,290	Note 2	2%
4	TEV II	TEV Solar	3	Other receivables	590,155	Note 2	1%
5	NSP NEVADA	GES USA	3	Other receivables	243,620	Note 2	1%
<u>For the year ended December 31, 2018</u>							
0	The Corporation	DelSolar US	1	Other receivables	993,716	Note 2	2%
		NSP NEVADA	1	Other receivables	578,952	Note 2	1%
		GES ME	1	Other receivables	571,235	Note 2	1%
		NSP System	1	Sales	127,546	Note 2	1%
		Utech	1	Purchase	76,633	Note 2	1%
		NSP Nanchang	1	Purchase	66,279	Note 2	1%
1	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	320,348	Note 2	1%
2	DelSolar US	CFR	3	Other receivables	943,364	Note 2	2%
3	GES UK	GES USA	3	Other receivables	398,276	Note 2	1%
		JRC	3	Other receivables	445,217	Note 2	1%
4	GES USA	MUNISOL	3	Other receivables	773,580	Note 2	1%
5	TEV II	TEV Solar	3	Other receivables	609,000	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.