

United Renewable Energy Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of United Renewable Energy Co., Ltd., which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the 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 financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing 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 Financial Statements section of our report. We are independent of the Corporation 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 financial statements, the Corporation 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 Corporation 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 financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

The authenticity of sales revenue recognition

The main operating income of the Corporation comes from sales of solar cells, solar modules and solar power plants. After the three-in-one merger on October 1, 2018, the gross profit of module sales changed from negative to positive, and the sales volume continued to increase. The Corporation, in order to show the practical results of the triple play, may increase the risk of false revenue through false sales of solar module orders. Therefore, we considered the authenticity of revenue recognition as a key audit matter. For the accounting policies on sales revenue recognition, refer to Note 4-o, and for the description of sales revenue, refer to Note 23.

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 balance sheet was NT\$10,151,154 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 26% 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-k and 5. For the description of impairment losses on property, plant and equipment, refer to Note 13.

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 Corporation'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

The financial statements of some investee companies accounted for using the equity method were audited by other auditors. The amounts within the 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\$2,635,937 thousand and NT\$3,318,666 thousand, respectively. For the years

ended December 31, 2019 and 2018, the Corporation's share of losses on the aforesaid investment accounted for using the equity method was NT\$415,717 thousand and NT\$205,606 thousand, respectively.

The financial statements of some investee companies accounted for using the equity method as of and for the year ended December 31, 2018, which are based on a different framework of the accompanying financial statements and which we have not audited, were audited by other auditors in accordance with different auditing standards. We have performed compulsory audit procedures for transferring adjustments of the reports to be in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The financial statements of the aforementioned investee companies were based on the reports of other auditors and the result 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, the aforesaid investment accounted for using the equity method was NT\$234,182 thousand. For the years ended December 31, 2018, the share of profit of the aforesaid investments accounted for using the equity method was NT\$62,984 thousand.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation 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 Corporation's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 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 Corporation'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 Corporation'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 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 Corporation to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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 financial statements shall prevail.

UNITED RENEWABLE ENERGY CO., LTD.

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	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 4, 6 and 33)	\$ 4,842,610	12	\$ 7,286,477	15	\$ 2,634,876	9	Short-term bank loans (Notes 17 and 33)	\$ 2,688,848	7	\$ 6,143,020	13	\$ 7,451,827	25
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 33)	2,392	-	-	-	106	-	Short-term bills payable (Notes 17 and 33)	-	-	79,963	-	299,550	1
Financial assets at fair value through other comprehensive income - current (Notes 4, 5, 8 and 33)	114,414	-	133,333	-	-	-	Financial liabilities at fair value through profit or loss - current (Notes 4, 7, and 33)	755	-	-	-	5,742	-
Contract assets-current (Notes 23 and 34)	45,940	-	13,381	-	-	-	Contract liabilities - current (Notes 23 and 34)	252,409	1	192,307	-	97,732	-
Notes and accounts receivable, net (Notes 4, 5, 10 and 34)	1,461,274	4	2,002,943	4	1,151,780	4	Notes and accounts payable (Note 33)	1,162,458	3	1,781,749	4	894,605	3
Accounts receivable from related parties (Notes 4, 5, 10 and 34)	391,540	1	552,155	1	315,186	1	Accounts payable to related parties (Notes 33 and 34)	355,607	1	206,919	1	24,829	-
Other receivables (Notes 4, 10 and 34)	292,525	1	103,614	-	9,603	-	Bonuses payable to employees and directors (Note 24)	-	-	2,649	-	8,242	-
Other receivables from related parties (Notes 4, 10 and 34)	566,577	2	748,617	1	2,611,848	9	Payables to contractors and equipment suppliers (Notes 33 and 34)	34,557	-	236,006	1	117,671	-
Current tax assets (Notes 4, 5 and 25)	4,936	-	5,753	-	5,799	-	Accrued expenses (Notes 4, 19, 33, 34 and 36)	1,131,374	3	1,630,774	3	2,055,599	7
Inventories (Notes 4, 5 and 11)	2,206,693	6	1,820,301	4	1,255,576	4	Lease - liabilities - current (Notes 4, 5, 13 and 31)	13,077	-	-	-	-	-
Prepayments (Notes 4, 5, 16, 34 and 36)	336,000	1	352,440	1	143,351	-	Receipts in advance (Note 33)	2,219	-	-	-	137,628	1
Non-current assets held for sale (Notes 4, 12 and 14)	-	-	-	-	137,688	-	Current portion of long-term bank loans and bonds payables (Notes 4, 17, 18, 33 and 35)	2,412,274	6	6,968,198	14	2,730,601	9
Other current assets (Notes 16, 33 and 35)	957,457	2	4,690,801	10	745,202	3	Other current liabilities (Notes 4 and 19)	17,818	-	64,638	-	10,092	-
Total current assets	11,222,358	29	17,709,815	36	9,011,015	30	Total current liabilities	8,071,396	21	17,306,223	36	13,834,118	46
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 5, 8, 33 and 35)	2,323,725	6	1,512,133	3	81,440	-	Bonds payable (Notes 4, 18, 33 and 35)	-	-	-	-	3,425,011	12
Financial assets at amortized at cost - non-current (Notes 4, 9 and 33)	149,975	-	153,700	-	149,240	1	Long-term bank loans (Notes 17 and 33)	9,443,162	24	6,429,977	13	1,247,989	4
Investments accounted for using the equity method (Notes 4, 12, 28, 29, 30 and 35)	8,942,776	23	9,876,148	20	7,856,087	27	Provisions - non-current (Notes 4 and 20)	168,804	-	298,867	1	240,968	1
Property, plant and equipment (Notes 4, 5, 13, 35 and 36)	10,151,154	26	13,539,446	28	6,526,148	22	Deferred tax liabilities (Notes 4, 5 and 25)	42,826	-	55,611	-	46,059	-
Right-of-use assets (Notes 4 and 14)	391,844	1	-	-	-	-	Lease - liabilities - non-current (Notes 3, 4, 5, 14 and 31)	384,067	1	-	-	-	-
Intangible assets (Notes 4 and 15)	4,234	-	8,098	-	187	-	Guarantee deposits (Note 33)	5,996	-	1,457	-	85	-
Deferred tax assets (Notes 4, 5 and 25)	621,087	2	640,621	1	79,098	-	Credit balance of investments accounted for using the equity method (Notes 4 and 12)	264,541	1	134,503	-	18,514	-
Prepayments - non-current (Notes 4, 5, 16, 34 and 36)	2,140,674	5	2,396,217	5	763,727	3	Other non-current liabilities (Notes 4 and 19)	-	-	-	-	1,813	-
Refundable deposits (Notes 4, 17, 31, 33, 34 and 35)	847,319	2	825,595	2	606,480	2	Total non-current liabilities	10,309,396	26	6,920,415	14	4,980,439	17
Other receivables from related parties - non-current (Notes 4, 10, 33 and 34)	2,186,254	6	2,164,508	5	2,798,904	9	Total liabilities	18,380,792	47	24,226,638	50	18,814,557	63
Other non-current assets (Notes 4, 16 and 35)	121,385	-	-	-	1,861,596	6	EQUITY (Notes 4, 18, 22, 27, 28, 29 and 30)						
Total non-current assets	27,880,427	71	31,116,466	64	20,722,907	70	Ordinary shares	26,653,375	68	25,157,599	51	10,192,564	35
TOTAL	\$ 39,102,785	100	\$ 48,826,281	100	\$ 29,733,922	100	Capital surplus	118,989	-	1,011,023	2	6,028,165	20
							Accumulated deficit	(6,000,644)	(15)	(675,712)	(1)	(4,709,973)	(16)
							Other equity	(31,028)	-	(874,568)	(2)	(591,391)	(2)
							Treasury shares	(18,699)	-	(18,699)	-	-	-
							Total equity	20,721,993	53	24,599,643	50	10,919,365	37
							TOTAL	\$ 39,102,785	100	\$ 48,826,281	100	\$ 29,733,922	100

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

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

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Loss Per Share)

	For the Year Ended December 31			
	2019		2018	
	Amount	%	(After Restatement) Amount	%
NET SALES (Notes 4, 23, 34 and 36)	\$ 14,911,766	100	\$ 10,419,460	100
COST OF SALES (Notes 4, 5, 11, 24, 34 and 36)	<u>15,687,440</u>	<u>105</u>	<u>11,373,700</u>	<u>109</u>
GROSS LOSS	(775,674)	(5)	(954,240)	(9)
REALIZED GAINS FROM SALES	<u>52,618</u>	<u>-</u>	<u>121,180</u>	<u>1</u>
REALIZED GROSS LOSS	<u>(723,056)</u>	<u>(5)</u>	<u>(833,060)</u>	<u>(8)</u>
OPERATING EXPENSES (Notes 11, 24 and 34)				
Selling	765,350	5	357,437	3
General and administrative	878,522	6	494,628	5
Research and development	161,832	1	198,818	2
Expected credit loss on trade receivables	<u>(5,598)</u>	<u>-</u>	<u>34,062</u>	<u>-</u>
Total operating expenses	<u>1,800,106</u>	<u>12</u>	<u>1,084,945</u>	<u>10</u>
OTHER INCOME AND EXPENSES (Notes 4, 5, 12, 14 and 34)	<u>(1,132,505)</u>	<u>(7)</u>	<u>(2,403)</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(3,655,667)</u>	<u>(24)</u>	<u>(1,920,408)</u>	<u>(18)</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 4, 24 and 34)	134,150	1	95,044	1
Dividends income (Notes 4 and 34)	73,953	1	2,000	-
Interest income (Notes 4, 24 and 34)	40,802	-	58,921	1
Gain on financial instruments at fair value through profit or loss (Notes 4 and 7)	29,468	-	78,453	1
Foreign exchange gain (loss) (Notes 4 and 24)	11,617	-	(47,193)	(1)
Gain from bargain purchase (Note 28)	-	-	2,261,090	22
Reversal of contract compensation interest	-	-	239,274	2
Expected credit loss (Notes 4 and 10)	(18,351)	-	(8,400)	-
Other losses (Notes 4 and 34)	(27,575)	-	(15,226)	-
(Loss) gain on disposal of investments (Notes 29 and 30)	(138,117)	(1)	30,429	-
Finance costs (Note 24)	(553,899)	(4)	(447,058)	(4)
Share of loss of subsidiaries and associates (Notes 4 and 12)	<u>(1,581,970)</u>	<u>(11)</u>	<u>(903,036)</u>	<u>(9)</u>
Total non-operating expenses	<u>(2,029,922)</u>	<u>(14)</u>	<u>1,344,298</u>	<u>13</u>

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.

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

	For the Year Ended December 31			
	2019		2018	
	Amount	%	(After Restatement) Amount	%
LOSS BEFORE INCOME TAX	\$ (5,685,589)	(38)	\$ (576,110)	(5)
INCOME TAX EXPENSE (Notes 4, 5 and 25)	(476)	-	(1,130)	-
NET LOSS FOR THE YEAR	(5,686,065)	(38)	(577,240)	(5)
OTHER COMPREHENSIVE (LOSS) INCOME (Note 24)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	792,673	5	(394,342)	(4)
Share of other comprehensive income (loss) of subsidiaries, accounted for using the equity method				
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	10,748	-	(2,664)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(175,050)	(1)	110,942	1
Share of other comprehensive income (loss) of subsidiaries, accounted for using the equity method				
Exchange differences on translating foreign operations	209,029	1	(565)	-
Total other comprehensive income (loss)	837,400	5	(286,629)	(3)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	\$ (4,848,665)	(33)	\$ (863,869)	(8)
LOSS PER SHARE (Note 26)				
Basic loss per share	\$ (2.26)		\$ (0.42)	
Diluted loss per share	\$ (2.26)		\$ (0.42)	

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

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

(Concluded)

UNITED RENEWABLE ENERGY CO., LTD.

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

	Ordinary Shares		Capital Surplus				Other Equity					Total Equity
	Shares	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 Asset at FVTOCI	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unearned Employees Benefits	Treasury Shares	
	(In Thousands)											
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
Effect of retrospective application	-	-	-	-	-	98,826	-	(130,891)	71,882	-	-	39,817
Effect of retrospective restatement	-	-	-	-	-	(197,298)	(2,556)	-	-	-	-	(199,854)
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
Changes in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	-	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
Issuance of shares in business combination	1,157,899	11,578,990	115,790	-	-	-	-	-	-	-	-	11,694,780
Treasury shares owned by subsidiaries	-	-	-	-	-	-	-	-	-	-	(18,699)	(18,699)
Issuance of restricted shares for employees	6,121	61,211	-	-	(17,628)	-	-	-	-	(15,316)	-	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
Net loss for the year ended December 31, 2018 (after restatement)	-	-	-	-	-	(577,240)	-	-	-	-	-	(577,240)
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax (after restatement)	-	-	-	-	-	-	110,377	(397,006)	-	-	-	(286,629)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	(577,240)	110,377	(397,006)	-	-	-	(863,869)
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
Share of changes in capital surplus of associates or joint ventures	-	-	-	-	-	(367)	-	-	-	-	-	(367)
Offset of deficit against capital surplus	-	-	(327,468)	(42,000)	-	369,468	-	-	-	-	-	-
Issuance of ordinary share for cash	150,000	1,500,000	(522,000)	-	-	-	-	-	-	-	-	978,000
Reclassification of issuance of share premium	-	-	6,452	-	(6,452)	-	-	-	-	-	-	-
Employee restricted shares	2,205	22,050	-	-	(4,741)	-	-	-	-	(17,309)	-	-
Cancellation of restricted shares for employees	(2,626)	(26,274)	-	-	204	-	-	-	-	6,998	-	(19,072)
Compensation cost of restricted shares for employees	-	-	-	-	333	-	-	-	-	8,483	-	8,816
Compensation costs of shares for employees	-	-	3,638	-	-	-	-	-	-	-	-	3,638
Disposal of financial assets at fair value through other comprehensive income	-	-	-	-	-	(7,968)	-	7,968	-	-	-	-
Net loss for the year ended December 31, 2019	-	-	-	-	-	(5,686,065)	-	-	-	-	-	(5,686,065)
Other comprehensive income for the year ended December 31, 2019, net of income tax	-	-	-	-	-	-	33,979	803,421	-	-	-	837,400
Total comprehensive (loss) income for the year ended December 31, 2019	-	-	-	-	-	(5,686,065)	33,979	803,421	-	-	-	(4,848,665)
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

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

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

UNITED RENEWABLE ENERGY CO., LTD.

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

	For the Year Ended December 31	
	2019	2018 (After Restatement)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (5,685,589)	\$ (576,110)
Adjustments for:		
Depreciation	2,217,292	1,580,277
Amortization	3,864	1,192
Expected credit loss recognized on trade receivables	12,753	42,462
Net gain on financial assets and liabilities at fair value through profit or loss	(1,637)	(5,636)
Loss on disposal of property, plant and equipment	12,120	-
Loss on disposal of non-current assets held for sale	-	2,403
Reclassified from property, plant and equipment to expenses	4,065	2,707
Impairment loss on property, plant and equipment	1,120,558	-
Impairment (reversal) loss on prepayments	15,895	(78,924)
(Reversal) recognized loss on purchase contracts	(14,129)	398,581
Write-down of inventories	49,979	4,982
Realized gain from associates	(52,618)	(121,180)
Gain on disposal of subsidiaries	138,117	(30,429)
Gain from bargain purchase	-	(2,261,090)
Net loss on foreign exchange	58,713	26,481
Share of loss of subsidiaries and associates	1,581,970	903,036
Compensation costs of restricted shares for employees	(301)	16,492
Compensation costs of employee share options	3,638	-
Dividend income	(73,953)	(2,000)
Interest income	(40,802)	(58,921)
Finance costs	553,899	447,058
Gain on modification of leases	(173)	-
Reversal of contracts compensation interest	-	(239,274)
Total amount of adjustment	<u>5,589,250</u>	<u>628,217</u>
Changes in operating assets and liabilities:		
Contract assets - current	(32,559)	(13,381)
Notes and accounts receivable	510,705	613,672
Accounts receivable from related parties	164,402	51,216
Other receivables	(314,935)	622,883
Other receivables from related parties	132,985	596,277
Inventories	(436,371)	603,439
Prepayments (including non-current)	73,186	101,474
Other current assets	60,933	(178,486)
Contract liabilities - current	60,102	56,997
Notes and accounts payable	(593,834)	(346,576)
Accounts payable to related parties	158,181	(128,656)
Accrued expenses	(448,722)	(1,327,645)
Bonuses payable to employees and directors	(2,649)	(5,593)
Provisions	(130,063)	57,899
Receipts in advance	2,219	(137,628)
Other current liabilities	(39,543)	10,154
Income taxes (paid) refunded	<u>(187)</u>	<u>821</u>
Net cash (used in) generated from operating activities	<u>(932,489)</u>	<u>628,974</u>

(Continued)

UNITED RENEWABLE ENERGY CO., LTD.

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

	For the Year Ended December 31	
	2019	2018 (After Restatement)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	\$ -	\$ (59,086)
Net cash outflow from acquisition of investment accounted for using the equity method	(634,695)	(146,473)
Net cash inflow on disposal of subsidiaries	150,066	188,111
Refund due to capital reduction of investments accounted for using the equity method	-	13,921
Proceeds from sale of non-current assets held for sale	-	135,189
Acquisition of property, plant and equipment	(213,174)	(313,614)
Proceeds from disposal of property, plant and equipment	269,968	-
Increase in refundable deposits	(21,724)	(206,932)
(Increase) decrease in other receivables from related parties - non-current	(74,976)	806,241
Repayments by related parties	-	1,263,183
Net cash inflow on business combinations	-	4,721,266
Increase (decrease) in restricted assets	3,230,272	(990,278)
Increase (decrease) in pledged time deposits	318,190	(317,246)
Decrease in other non-current assets	-	8,825
Interest received	49,263	53,237
Dividends received	73,953	2,000
Dividends received from subsidiaries	40,114	56,327
	<u>3,187,257</u>	<u>5,214,671</u>
Net cash generated from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	11,501,594	18,081,193
Decrease in short-term bank loans	(14,918,438)	(20,854,624)
Decrease in short-term bill payable	(79,963)	(221,393)
Proceeds from long-term bank loans	12,365,564	3,085,075
Repayments of long-term bank loans	(10,243,976)	(3,746,012)
Repayments of bond payables	(3,728,400)	-
Increase (decrease) in guarantee deposits	4,539	(95)
Proceeds from issuance of ordinary shares	978,000	2,781,307
Repayments of the principal portion of lease liabilities	(19,196)	-
Interest paid	(521,422)	(357,357)
	<u>(4,661,698)</u>	<u>(1,231,906)</u>
Net cash used in financing activities		
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>(36,937)</u>	<u>39,862</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,443,867)	4,651,601
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>7,286,477</u>	<u>2,634,876</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 4,842,610</u>	<u>\$ 7,286,477</u>

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

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

(Concluded)

UNITED RENEWABLE ENERGY CO., LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

1. ORGANIZATION AND OPERATION

United Renewable Energy Co., Ltd. (formerly Neo Solar Power Corp.) (the “Corporation”) was incorporated in the Republic of China on August 26, 2005. The Corporation specializes in manufacturing high-quality solar cells, solar cell modules and wafers. The Corporation’s main business activities include researching, developing, designing, manufacturing and selling solar cells as well as participating in other solar-related businesses. Its ordinary shares have been listed on the Taiwan Stock Exchange (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.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Corporation’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 FSC

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

- 1) IFRS 16 “Leases”

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

Definition of a lease

The Corporation 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. Therefore, it was applied with the requirements of the IFRS 15, customer contract, and the financial report of the comparative period was restated retrospectively according to IAS 8.

The Corporation as lessee

The Corporation 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 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 statements of comprehensive income, the Corporation 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 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 statements of cash flows.

The Corporation 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 Corporation applies IAS 36 to all right-of-use assets.

The Corporation also applies the following practical expedients:

- a) The Corporation applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Corporation accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Corporation excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Corporation 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 lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 3.22%. 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	\$ 278,969
Less: Recognition exemption for short-term leases	4,606
Less: Recognition exemption for leases of low-value assets	<u>1,313</u>
Undiscounted amounts on January 1, 2019	<u>\$ 273,050</u>

(Continued)

Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 221,219
Add: Adjustments as a result of a different treatment of extension and termination options	<u>205,710</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 426,929</u> (Concluded)

The Corporation 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 Corporation 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

	Originally Stated Amount	Adjustments Arising from Initial Application	Restated Amount
Right of use asset	\$ -	\$ 426,929	\$ 426,929
Investment accounted for using the equity method	<u>10,183,517</u>	<u>(307,369)</u>	<u>9,876,148</u>
Total effect on assets	<u>\$ 10,183,517</u>	<u>\$ 119,560</u>	<u>\$ 10,303,077</u>
Lease liabilities	<u>\$ -</u>	<u>\$ 426,929</u>	<u>\$ 426,929</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 426,929</u>	<u>\$ 426,929</u>
Retained earnings	\$ (369,468)	\$ (306,244)	\$ (675,712)
Other equity	<u>(873,443)</u>	<u>(1,125)</u>	<u>(874,568)</u>
Total effect on equity	<u>\$ (1,242,911)</u>	<u>\$ (307,369)</u>	<u>\$ (1,550,280)</u>

For arising from Initial application of IFRS 16, adjustments to each asset, liability and equity item as of January 1, 2018 are as follows.

	Originally Stated Amount	Adjustments Arising from Initial Application	Restated Amount
<u>As of January 1, 2018</u>			
Investment accounted for using the equity method	<u>\$ 8,055,941</u>	<u>\$ (199,854)</u>	<u>\$ 7,856,087</u>
Total effect on assets	<u>\$ 8,055,941</u>	<u>\$ (199,854)</u>	<u>\$ 7,856,087</u> (Continued)

	Originally Stated Amount	Adjustments Arising from Initial Application	Restated Amount
Retained earnings	\$ (4,512,675)	\$ (197,298)	\$ (4,709,973)
Other equity	<u>(588,835)</u>	<u>2,556</u>	<u>(591,391)</u>
Total effect on equity	<u>\$ (5,101,510)</u>	<u>\$ (199,854)</u>	<u>\$ (5,301,364)</u> (Concluded)

Impact on total comprehensive income for the current period

	Originally Stated Amount	Adjustments Arising from Initial Application	Restated Amount
For the year ended of <u>December 31, 2018</u>			
Share of loss of associates and joint ventures	<u>\$ (794,090)</u>	<u>\$ (108,946)</u>	<u>\$ (903,036)</u>
Total effect on net profit for the period	<u>\$ (794,090)</u>	<u>\$ (108,946)</u>	<u>\$ (903,036)</u>
Item that may be reclassified subsequently to profit or loss: Exchange differences on translating foreign operations	<u>\$ (1,996)</u>	<u>\$ 1,431</u>	<u>\$ (565)</u>
Total effect on total comprehensive income for the period	<u>\$ (1,996)</u>	<u>\$ (1,431)</u>	<u>\$ (565)</u>
Basic loss per share	\$ (0.34)	\$ (0.08)	\$ (0.42)
Diluted loss per share	(0.34)	(0.08)	(0.42)

2) IFRIC 23 “Uncertainty over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Corporation should assume that the taxation authority has full knowledge of all related information when making related examinations. If the Corporation concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Corporation 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 Corporation should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the Corporation expects to better predict the resolution of the uncertainty. The Corporation 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 Corporation’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

New IFRSs	Effective Date Announced by IASB
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 Corporation 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 Corporation shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Corporation 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 financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation’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 IASB

New IFRSs	Effective Date Announced by IASB (Note 1)
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 Corporation 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 Corporation 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 Corporation 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 Corporation’s interest as an unrelated investor in the associate or joint venture, i.e. the Corporation’s share of gain or loss is eliminated. Also, when the Corporation 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 Corporation’s interest as an unrelated investor in the associate or joint venture, i.e. the Corporation’s share of gain or loss is eliminated.

- 2) Amendments to IAS 1 “classification of liabilities as current or non-current”

The amendment clarifies when determining whether a liability is classified as non-current, it should be evaluated whether the Corporation has the right to defer the settlement period to at least 12 months after the reporting period at the end of the reporting period. If Corporation has the right at the end of the reporting period, liabilities are classified as non-current whether Corporation expects to exercise the right. The amendment also clarifies that Corporation has the right to deferred settlement of liabilities since Corporation have to comply with certain conditions. Corporation must comply with certain conditions by the end of the reporting period even if the lender tests the Corporation for compliance with these conditions at a late date.

The amendment stipulates that for the purpose of liability classification, the aforementioned settlement refers to the elimination of liabilities caused by the transfer of cash, other economic resources or Corporation’s equity instruments to the counterparty. Corporation’s equity instruments may be transferred to cause its settlement if the terms of the liability may be based on the choice of the counterparty. In addition, if the option is separately recognized as equity in accordance with IAS 32 “Financial Instruments: Expression”, the foregoing terms do not affect the classification of liabilities.

Except for the above impact, as of the date the financial statements were authorized for issue, the Corporation is continuously assessing the possible impact that the application of other standards and interpretations will have on the Corporation’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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The 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.

When preparing its financial statements, the Corporation used the equity method to account for its investments in subsidiaries, associates or joint ventures. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Corporation in its consolidated financial statements, adjustments arising from the differences between accounting treatments on an individual basis and a consolidated basis were made to investments accounted for using the equity method, shares of (profit) loss of subsidiaries and associates, and shares of other comprehensive income (loss) of subsidiaries and associates, as appropriate, in these financial statements.

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. 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 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.

e. Foreign currencies

In preparing the financial statements of the Corporation, transactions in currencies other than the Corporation's functional currency (i.e., 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.

f. Inventories

Inventories consist of raw materials, supplies, work-in-process and finished goods. 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.

g. Investments in subsidiaries

The Corporation uses the equity method to account for its investment in subsidiaries.

Subsidiaries are the entities (including structured entities) controlled by the Corporation.

Under the equity method, investments in subsidiaries are initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiaries. The Corporation also recognizes the changes in the Corporation's share of equity of subsidiaries attributable to the Corporation.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amounts of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Corporation's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in the subsidiary accounted for by the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the subsidiary), the Corporation continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized 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 Corporation'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.

When testing for impairment, the cash-generating unit is determined based on the financial statements as a whole by comparing its recoverable amount with its carrying amount. If the recoverable amount of the asset subsequently increases, the reversal of the impairment loss is recognized as a gain, but the increased carrying amount of an asset after a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized on the asset in prior years. An impairment loss recognized for goodwill is not reversed in subsequent periods.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream transactions with a subsidiary and side stream transactions between subsidiaries are recognized in the Corporation's financial statements only to the extent of interests in the subsidiary that are not related to the Corporation.

h. Investments in associates

An associate is an entity over which the Corporation has significant influence and that is neither a subsidiary nor an interest in a joint venture.

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

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

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of an associate 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 Corporation'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.

When the Corporation subscribes for additional new shares of an 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 Corporation's proportionate interest in the associate and joint venture. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Corporation's

ownership interest is reduced due to its additional subscription of the new shares of the 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 investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

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

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 deducted from 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.

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

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. 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.

k. Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Corporation 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 Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of CGU 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.

l. 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.

m. Financial instruments

Financial assets and financial liabilities are recognized when the Corporation 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 Corporation 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 33.

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 Corporation 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 Corporation'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

The Corporation 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 and lease receivables.

The Corporation always recognizes lifetime expected credit losses (ECLs) for trade receivables and lease receivables. For all other financial instruments, the Corporation 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 Corporation 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 Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Corporation 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 Corporation 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 Corporation 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 33.

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 Corporation that is settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Company'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 Corporation enters into foreign exchange forward contracts to manage its exposure to foreign exchange 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.

n. 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 Corporation management's best estimate of the expenditure required to settle the obligations.

o. Revenue recognition

The Corporation 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 Corporation 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 Corporation 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 Corporation 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 revenue

The Corporation undertakes power plant construction contracts with customer-specified specifications, and recognizes revenue gradually during the construction process. As the cost of construction is directly related to the degree of completion of the performance obligation, the Corporation measures the progress of completion based on the actual input cost as a proportion of the expected total cost. The Corporation recognizes contract assets gradually during the construction process and transfers them to accounts receivable when billing. If the amount of engineering received exceeds the amount of recognized revenue, the difference would be recognized as contract liability. In accordance with contract terms, project retention payments withheld by customers are intended to ensure that the Corporation fulfills all contractual obligations and are recognized as contract asset before the Corporation's performance is completed.

If the results of performance obligations cannot be measured reliably, construction revenue is recognized only when costs incurred to meet performance obligations are expected to be recovered.

3) 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.

4) Service revenue

Service revenue is recognized when services are provided.

5) Electricity sales revenue

Electricity sales revenue is calculated based on actual electricity sales and rates.

p. Leasing

2019

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

1) The Corporation 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 Corporation 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 Corporation, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

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

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

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

1) The Corporation as lessor

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

2) The Corporation as lessee

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

q. 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.

r. Government grants

Government grants are recognized when there is reasonable assurance that the Corporation 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 Corporation 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.

s. 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.

t. 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 Corporation'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 Corporation 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 Corporation'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.

u. 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, except where the Corporation 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 Corporation'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.

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

In the application of the Corporation'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 Judgments

Lease terms - 2019

In determining a lease term, the Corporation 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 Corporation occur.

Key Sources of Estimation Uncertainty

Lessees' incremental borrowing rates

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Demand deposits	\$ 4,837,256	\$ 7,143,885
Checking accounts	4,903	36,856
Cash on hand	451	751
Cash equivalents		
Time deposits	-	104,985
	<u>\$ 4,842,610</u>	<u>\$ 7,286,477</u>

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

	December 31	
	2019	2018
Bank balance	0%-0.43%	0%-1.02%

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 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>

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

	Rate	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2019</u>			
Cross-currency swap contracts	USD:NTD 30.07150	2020.01.21	USD10,000/ NTD300,715
Cross-currency swap contracts	USD:NTD 30.07150	2020.01.21	USD12,000/ NTD360,858

The Corporation entered into derivative transactions during 2019 to manage exposures of assets and liabilities denominated in cross-currency swap 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:

	Currency	Maturity Date	Notional Amount (In Thousands)
<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.

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”)	80,880	66,240
Unlisted ordinary shares		
EXOJET Technology Corporation (“EXOJET”)	28,896	45,962
Taiwan Special Chemicals Corporation (“TSCC”)	18,601	18,601
NTNU Innovation Investment Holding Company (“NTNU”)	2,000	2,000
Sunshine PV Corp. (“Sunshine PV”)	-	-
	<u>2,303,299</u>	<u>1,470,658</u>
Overseas investments		
Unlisted ordinary shares		
ASIA GLOBAL VENTURE CAPITAL II CO., LTD	20,426	22,137
SUN APPENNINO CORPORATION	-	19,338
FICUS CAPITAL CORPORATION	-	-
	<u>20,426</u>	<u>41,475</u>
	<u>\$ 2,323,725</u>	<u>\$ 1,512,133</u>

The Corporation 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 Corporation’s strategy of holding these investments for long-term purposes.

The Corporation’s investment in TTMC’s private-placement shares under Article 43-8 of the Securities and Exchange Act, there is a legally enforceable restriction on private-placement shares, which prevents their trading.

Refer to Note 35 for the amount of investments in equity instruments at FVTOCI pledged by the Corporation to secure borrowings.

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 years ended December 31, 2019 and 2018, the interest income of puttable preference shares amounted to \$9,541 thousand and \$11,487 thousand, respectively. The related interest receivable, classified as other receivables from related parties, amounted to \$20,997 thousand and \$10,759 thousand as of December 31, 2019 and 2018, respectively.

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

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

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

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

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

	December 31	
	2019	2018
<u>Notes and accounts receivable</u>		
Notes and accounts receivable	\$ 1,800,696	\$ 2,336,804
Accounts receivable from related parties	400,004	574,141
Less: Allowance for impairment loss	<u>(347,886)</u>	<u>(355,847)</u>
	<u>\$ 1,852,814</u>	<u>\$ 2,555,098</u>

(Continued)

	December 31	
	2019	2018
<u>Other receivables</u>		
Other receivables from related parties	\$ 2,752,831	\$ 2,921,525
Sales tax refund receivable	18,148	90,677
Others	278,986	12,937
Less: Allowance for impairment loss	<u>(4,609)</u>	<u>(8,400)</u>
	<u>\$ 3,045,356</u>	<u>\$ 3,016,739</u>
		(Concluded)

a. Notes and accounts receivable

The credit periods for the sale of goods were (a) 30 to 90 days after the end of the month; (b) 15 to 150 days from the invoice date; and (c) 30 to 90 days for letters of credit and the average credit periods for power facility construction were 180 to 360 days. No interest was charged on notes and accounts receivables. For overdue accounts receivables, interest was charged on the basis of management's judgment.

In order to minimize credit risk, the management of the Corporation 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 Corporation 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 Corporation's credit risk was significantly reduced.

The Corporation 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 Corporation'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 Corporation's different customer base.

The Corporation 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 Corporation 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 Corporation'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	\$ 782,125	\$ 328,683	\$ 147,634	\$ 98,441	\$ 20,778	\$ 26,219	\$ 5,402	\$ 465,062	\$ 326,356	\$ 2,200,700
Loss allowance (lifetime ECL)	<u>(938)</u>	<u>(6,451)</u>	<u>(2,443)</u>	<u>(3,466)</u>	<u>(3,789)</u>	<u>(589)</u>	<u>845</u>	<u>(3,009)</u>	<u>(326,356)</u>	<u>(347,886)</u>
Amortized cost	<u>\$ 781,187</u>	<u>\$ 322,232</u>	<u>\$ 145,191</u>	<u>\$ 94,975</u>	<u>\$ 16,989</u>	<u>\$ 25,630</u>	<u>\$ 4,557</u>	<u>\$ 462,053</u>	<u>\$ -</u>	<u>\$ 1,852,814</u>

December 31, 2018

	Not Past Due	Less Than or Equal to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 180 Days	Signs of Counterparty Default	Total
Expected credit loss rate	0%-0.02%	0%-0.10%	0%-2.84%	0%-15.92%	0%-29.08%	0%-31.85%	0%-26.15%	0%-100%	100%	
Gross carrying amount	\$ 1,264,817	\$ 289,134	\$ 361,737	\$ 169,849	\$ 28,199	\$ 65,130	\$ 4,060	\$ 397,230	\$ 330,789	\$ 2,910,945
Loss allowance (Lifetime ECL)	<u>(49)</u>	<u>(65)</u>	<u>(1,678)</u>	<u>(924)</u>	<u>(2,684)</u>	<u>(19,513)</u>	<u>(145)</u>	<u>-</u>	<u>(330,789)</u>	<u>(355,847)</u>
Amortized cost	<u>\$ 1,264,768</u>	<u>\$ 289,069</u>	<u>\$ 360,059</u>	<u>\$ 168,925</u>	<u>\$ 25,515</u>	<u>\$ 45,617</u>	<u>\$ 3,915</u>	<u>\$ 397,230</u>	<u>\$ -</u>	<u>\$ 2,555,098</u>

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

	2019	2018
Balance at January 1	\$ 355,847	\$ 341,608
Impairment (reversal) losses	(5,598)	34,062
Amounts written off	<u>(2,363)</u>	<u>(19,823)</u>
Balance at December 31	<u>\$ 347,886</u>	<u>\$ 355,847</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 Corporation 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 Corporation 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 Corporation's credit risk was significantly reduced.

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

The aging of other receivables is as follows:

	December 31	
	2019	2018
Up to 60 days	\$ 2,550,145	\$ 2,825,273
61-90 days	-	-
91-120 days	1,111	-
More than 120 days	<u>498,709</u>	<u>199,866</u>
Total	<u>\$ 3,049,965</u>	<u>\$ 3,025,139</u>

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

	December 31	
	2019	2018
Up to 60 days	<u>\$ 4,609</u>	<u>\$ 8,400</u>

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

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

	2019	2018
Balance at January 1	\$ 8,400	\$ -
Impairment losses	18,351	8,400
Amounts written off	<u>(22,142)</u>	<u>-</u>
Balance at December 31	<u>\$ 4,609</u>	<u>\$ 8,400</u>

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

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

	Collateral	Interest Rate	December 31	
			2019	2018
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%	-	107,590
Fixed rate NTD-denominated loans receivables at NTD24,000 thousand (2)	-	3%	<u>-</u>	<u>24,000</u>
			<u>\$ -</u>	<u>\$ 331,590</u>

- 1) The impairment losses had been recognized refer to Note 36.
- 2) The principal received in the second quarter of 2019.

11. INVENTORIES

	December 31	
	2019	2018
Finished goods	\$ 1,648,727	\$ 1,143,102
Raw materials	463,792	521,647
Power facilities construction in progress	59,477	148,042
Work in progress	<u>34,697</u>	<u>7,510</u>
	<u>\$ 2,206,693</u>	<u>\$ 1,820,301</u>

In 2019, the cost of sales was \$15,687,440 thousand, which related to inventories included (1) unallocated fixed manufacturing overheads of \$1,420,751 thousand; (2) income of \$5,830 thousand from the sale of scraps; (3) reversal of losses on purchase contracts of \$14,129 thousand; (4) recognized impairments prepayments of \$15,895 thousand; (5) recognized inventory write-downs of \$47,561 thousand; and (6) loss of 2,418 thousand from the disposal of obsolete inventories.

In 2018, the cost of sales was \$11,373,700 thousand, which related to inventories included (1) unallocated fixed manufacturing overheads of \$770,259 thousand; (2) income of \$4,432 thousand from the sale of scraps; (3) losses on purchase contracts of \$398,581 thousand; (4) reversal of prepayments write - downs of \$78,924 thousand; (5) reversal of inventory write-downs of \$9,207 thousand; and (6) loss of 14,189 thousand from the disposal of obsolete inventories.

The inventories had not been pledged as security or for other purposes.

12. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Investments in subsidiaries	\$ 7,912,257	\$ 8,758,803
Credit balance of investments accounted for using the equity method	<u>264,541</u>	<u>134,503</u>
	8,176,798	8,893,306
Investments in associates	<u>765,978</u>	<u>982,842</u>
	<u>\$ 8,942,776</u>	<u>\$ 9,876,148</u>

a. Investments in subsidiaries

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Unlisted companies		
General Energy Solutions UK Limited (“GES UK”)	\$ 2,443,709	\$ 2,400,667
Ultimate Energy Solution Limited (“UES”)	1,987,414	1,863,226
NSP Systems (BVI) Ltd. (“NSP BVI”)	1,411,425	1,407,681
DelSolar Holding (Cayman) Ltd. (“DelSolar Cayman”)	923,603	1,775,871
GES Energy Middle East FZE (“GES ME”)	357,850	358,774
Young Liang Ltd. (“Young Liang”)	246,742	244,633
Apex Solar Corporation (“Apex”)	190,890	157,341
NSP UK Holding Limited (“NSP UK”)	182,919	143,188
NSP System Development Corp. (“NSP System”)	140,877	141,419
Prime Energy Corp. (“Prime Energy”)	79,992	80,222
New Ray Investment Corp. (“New Ray Investment”)	72,524	64,262
Zhongyang Corporation (“Zhongyang”)	37,104	31,439
Huiyang Corporation (“Huiyang”)	29,977	30,295
Best Power Service Corp. (“BPS”)	21,353	14,880
DelSolar Holding Singapore Pte Ltd. (“DelSolar Singapore”)	18,565	18,692
United Renewable Energy Engineering Co., Ltd. (“UREE”)	14,489	-
Solartech Materials Corporation (“SMC”)	9,844	9,658
Yong Zhou Ltd. (“Yong Zhou”)	5,829	6,892
Yong Shun Ltd. (“Yong Shun”)	799	914
ELECTRONIC J.R.C. S.R.L. (“JRC”)	466	(33,961)
Dashianging Energy Power Ltd. Co. (“Dashianging”)	71	-

(Continued)

	December 31	
	2019	2018
Shinkai Energy Power Ltd. Co. (“Shinkai”)	\$ 71	\$ -
Shanshang Energy Power Ltd. Co. (“Shanshang”)	71	-
Jiangung Energy Power Ltd. (“Jiangung”)	71	-
Dungshr Energy Power Ltd. (“Dungshr”)	71	-
Yanshan Energy Power Ltd. Co. (“Yanshan”)	71	-
Ever Lte Power Inc. (“Ever Lite”)	1	2,787
Solartech Japan Corporation (“Solartech JP”)	-	34,333
Yong Yao Ltd. (“Yong Yao”)	-	140,093
Utech Solar Corporation (“Utech”)	<u>(264,541)</u>	<u>(134,503)</u>
	7,912,257	8,758,803
Credit balance of investments accounted for using the equity method	<u>264,541</u>	<u>134,503</u>
	<u>\$ 8,176,798</u>	<u>\$ 8,893,306</u>
		(Concluded)

As of December 31, 2019 and 2018, the Corporation continued recognition of its share of further losses of Utech and of DelSolar Singapore, which was experiencing losses, causing credit balances on the carrying values of investments. The credit balances on the carrying values were reclassified into credit balance of investments accounted for using the equity method.

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

	December 31	
	2019	2018
GES UK (Note 1)	100.00%	100.00%
UES	100.00%	100.00%
NSP BVI	100.00%	100.00%
DelSolar Cayman	100.00%	100.00%
GES ME	100.00%	100.00%
Young Liang (Note 1)	100.00%	100.00%
Apex	100.00%	100.00%
NSP UK	100.00%	100.00%
NSP System	100.00%	100.00%
Prime Energy	100.00%	100.00%
New Ray Investment	100.00%	100.00%
Zhongyang	100.00%	100.00%
Huiyang	100.00%	100.00%
BPS	60.00%	60.00%
DelSolar Singapore	100.00%	100.00%
UREE (Note 2)	100.00%	-
SMC	100.00%	100.00%
Yong Zhon (Note 1)	100.00%	100.00%
Yong Shun (Note 1)	100.00%	100.00%
JRC (Note 1)	1.00%	1.00%
Dashiangying (Note 2)	100.00%	-
Shinkai (Note 2)	100.00%	-
Shanshang (Note 2)	100.00%	-
Jiangung (Note 2)	100.00%	-
		(Continued)

	December 31	
	2019	2018
Dungshr (Note 2)	100.00%	-
Yanshan (Note 2)	100.00%	-
Ever Lite (Note 1)	100.00%	100.00%
Solartech JP (Note 2)	-	100.00%
Yong Yao (Notes 1 and 2)	-	100.00%
Utech (Note 2)	99.49%	98.30%
		(Concluded)

Note 1: 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 2: The movement details of the subsidiaries held by the Corporation, refer to Note 29, Note 30 and Table 5.

Refer to Note 41 to the Corporation's consolidated financial statements for the details of the subsidiaries indirectly held by the Corporation.

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the associates' financial statements audited by the auditors for the same years.

The investment in the subsidiaries had not been pledged as collateral for bank loans.

b. Investments in associates

	December 31	
	2019	2018
Associates that are not individually material		
Neo Cathay	\$ 608,967	\$ 606,932
TS Solartech SDN BHD ("TSST")	86,638	254,093
V5 Technology	66,769	69,860
JNV SOLAR POWER Co., LTD ("JSP")	3,604	7,533
Gintung Energy Corporation ("Gintung")	-	44,424
Solar PV Corp. ("Solar PV")	-	-
Sunshine PV Corporation ("Sunshine PV")	-	-
	<u>\$ 765,978</u>	<u>\$ 982,842</u>

1) Aggregate information of associates that are not individually material

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

Name of Associate	December 31	
	2019	2018
Neo Cathay	40.00%	40.00%
TSST	42.12%	42.12%
V5 Technology	41.43%	41.43%
DSET (a)	35.00%	35.00%
Gintung	36.38%	36.38%
Solar PV	19.92%	19.92%
Sunshine PV (b)	-	19.47%

a) The name JNV SOLAR POWER CO., LTD. (“JSP”) was changed 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 were as follows:

	For the Year Ended December 31	
	2019	2018
The Corporation’s share of:		
Net (loss) income for the period	\$ (200,559)	\$ (111,546)
Other comprehensive (loss) income for the period	<u>(1,099)</u>	<u>(36,641)</u>
Total comprehensive (loss) income for the period	<u>\$ (201,658)</u>	<u>\$ (148,187)</u>

The Corporation had recognized impairment loss of equity investment of Solar PV, an associate, so that the Corporation did not recognize any share of profit or loss of associates. However, based on the changes in the Corporation’s share of equity of associates attributable to the Corporation was \$739 thousand, as of December 31, 2019.

The Corporation had recognized impairment loss of equity investment of Gintung, an associate, so that the Corporation did not recognize any share of profit or loss of associates. However, based on the changes in the Corporation’s share of equity of associates attributable to the Corporation was \$50,851 thousand, as of December 31, 2019.

The information of the main business, principal operating place and registry country of the above associates and joint ventures is shown in Table 6 “Information on Investees”.

Except for TSST, 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 had been pledged as collateral for bank loans, refer to Note 35.

13. PROPERTY, PLANT AND EQUIPMENT

a. Assets used by the Corporation - 2019

	Year Ended December 31, 2019				
	Balance, Beginning of the Period	Additions	Deductions	Reclassifications	Balance, End of Period
<u>Cost</u>					
Land	\$ 1,436,596	\$ -	\$ -	\$ -	\$ 1,436,596
Buildings	7,148,288	-	-	-	7,148,288
Machinery and equipment	17,360,914	-	(390,455)	568,001	17,538,460
Research and development equipment	65,114	-	(8,618)	8,939	65,435
Office equipment	53,206	-	(1,525)	2,818	54,499
Leasehold improvements	4,854	-	(4,792)	-	62
Transportation equipment	1,991	231	(471)	-	1,751
Miscellaneous equipment	404,415	47	(7,720)	7,077	403,819
Property under acceptance or construction	472,240	210,764	-	(590,900)	92,104
	<u>26,947,618</u>	<u>\$ 211,042</u>	<u>\$ (413,581)</u>	<u>\$ (4,065)</u>	<u>26,741,014</u>
<u>Accumulated depreciation</u>					
Buildings	1,165,224	\$ 324,562	\$ -	\$ -	1,489,786
Machinery and equipment	11,397,833	1,801,058	(81,227)	-	13,117,664
Research and development equipment	60,348	2,191	(6,432)	-	56,107
Office equipment	39,201	5,423	(1,525)	-	43,099
Leasehold improvements	3,977	76	(3,999)	-	54
Transportation equipment	414	517	(101)	-	830
Miscellaneous equipment	284,077	58,796	(7,721)	-	335,152
	<u>12,951,074</u>	<u>\$ 2,192,623</u>	<u>\$ (101,005)</u>	<u>\$ -</u>	<u>15,042,692</u>
<u>Accumulated impairment</u>					
Buildings	-	\$ 398,250	\$ -	\$ -	398,250
Machinery and equipment	457,098	715,877	(30,488)	-	1,142,487
Research and development equipment	-	958	-	-	958
Office equipment	-	72	-	-	72
Machinery and equipment	-	5,401	-	-	5,401
	<u>457,098</u>	<u>\$ 1,120,558</u>	<u>\$ (30,488)</u>	<u>\$ -</u>	<u>1,547,168</u>
	<u>\$ 13,539,446</u>				<u>\$ 10,151,154</u>

b. 2018

	Year Ended December 31, 2018					
	Balance, Beginning of the Period	Acquired from Business Combinations	Additions	Deductions	Reclassifications	Balance, End of Period
<u>Cost</u>						
Land	\$ 440,596	\$ 996,000	\$ -	\$ -	\$ -	\$ 1,436,596
Buildings	2,758,988	4,389,300	-	-	-	7,148,288
Machinery and equipment	14,590,548	2,709,000	-	(2,000)	63,366	17,360,914
Research and development equipment	62,856	1,808	-	-	450	65,114
Office equipment	38,809	4,915	102	-	9,380	53,206
Leasehold improvements	4,854	-	-	-	-	4,854
Transportation equipment	313	1,088	590	-	-	1,991
Miscellaneous equipment	295,645	105,027	-	(398)	4,141	404,415
Property under acceptance or construction	163,832	-	388,452	-	(80,044)	472,240
	<u>18,356,441</u>	<u>\$ 8,207,138</u>	<u>\$ 389,144</u>	<u>\$ (2,398)</u>	<u>\$ (2,707)</u>	<u>26,947,618</u>
<u>Accumulated depreciation</u>						
Buildings	984,078	\$ -	\$ 181,146	\$ -	\$ -	1,165,224
Machinery and equipment	10,045,120	-	1,354,713	(2,000)	-	11,397,833
Research and development equipment	53,354	-	6,994	-	-	60,348
Office equipment	37,369	-	1,832	-	-	39,201
Leasehold improvements	3,558	-	419	-	-	3,977
Transportation equipment	191	-	223	-	-	414
Miscellaneous equipment	249,525	-	34,950	(398)	-	284,077
	<u>11,373,195</u>	<u>\$ -</u>	<u>\$ 1,580,277</u>	<u>\$ (2,398)</u>	<u>\$ -</u>	<u>12,951,074</u>
<u>Accumulated impairment</u>						
Machinery and equipment	428,098	\$ -	\$ -	\$ -	\$ -	457,098
	<u>\$ 6,526,148</u>					<u>\$ 13,539,446</u>

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

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

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

Refer to Note 35 for the carrying amount of property, plant and equipment pledged by the Corporation to secure borrowings.

For the year ended December 31, 2019, the deductions were amounts transferred from the disposal of property, plant and equipment of \$282,088 thousand.

In compliance with the new operating policy. The Corporation's estimated future cash flows expected to arise from the cash-generating units used to produce the cell decreased. The Corporation carried out a review of the recoverable amount of that cash-generating units and determined that the carrying amount exceeded the recoverable amount. The review led to the recognition of an impairment loss of \$1,120,558 thousand, which was recognized in other gains and losses for the year ended December 31, 2019. The Corporation 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 property under acceptance or construction of \$4,065 thousand to other expense.

For the year ended December 31, 2018, there were reclassifications from property under acceptance or construction of \$2,707 thousand to other expense.

14. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Land	\$ 381,254
Buildings	4,062
Machinery	326
Other equipment	<u>6,202</u>
	<u>\$ 391,844</u>

	For the Year Ended December 31, 2019
Additions to right-of-use assets	<u>\$ 4,598</u>
Depreciation charge for right-of-use assets	
Land	\$ 12,185
Buildings	6,675
Machinery	261
Other equipment	<u>5,548</u>
	<u>\$ 24,669</u>

b. Lease liabilities - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 13,077</u>
Non-current	<u>\$ 384,067</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Land	2.83%-3.37%
Buildings	2.55%-3.37%
Machinery	2.83%
Other equipment	2.80%-2.83%

c. Material lease-in activities and terms

The Corporation leases certain land, buildings and transportation equipment for the use of product manufacturing with lease terms of 2 to 20 years. The Corporation does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease terms, and some lease agreements have terms for renewal of leases.

d. Other lease information

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	<u>\$ 11,803</u>
Expenses relating to low-value asset leases	<u>\$ 4,074</u>
Total cash outflow for leases	<u>\$ (48,595)</u>

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

2018

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

	December 31, 2018
Not later than 1 year	\$ 30,778
Later than 1 year and not later than 5 years	87,646
Later than 5 years	<u>160,545</u>
	<u>\$ 278,969</u>

The lease payments recognized as expenses were as follows:

	For the Year Ended December 31, 2018
Minimum lease payments	<u>\$ 28,834</u>

15. INTANGIBLE ASSETS

	<u>December 31</u>				
	2019	2018			
<u>Carrying amounts of each class</u>					
Software	<u>\$ 4,234</u>	<u>\$ 8,098</u>			
<u>2018</u>					
	Balance, Beginning of the Period	Additions	Acquired from Business Combinations	Deductions	Total
<u>Cost</u>					
Software	\$ 187	<u>\$ -</u>	<u>\$ 9,103</u>	<u>\$ -</u>	\$ 9,290
<u>Accumulated amortization</u>					
Software	<u>-</u>	<u>\$ 1,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,192</u>
	<u>\$ 187</u>				<u>\$ 8,098</u>

2019

	Balance, Beginning of the Period	Additions	Acquired from Business Combinations	Deductions	Total
<u>Cost</u>					
Software	\$ 9,290	\$ _____-	\$ _____-	\$ _____(47)	\$ 9,243
<u>Accumulated amortization</u>					
Software	_____1,192	\$ _____3,864	\$ _____-	\$ _____(47)	_____5,009
	\$ _____8,098				\$ _____4,234

Amortization expense is on a straight-line basis over the following estimated useful lives of the assets:

Software 1-4 years

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

16. PREPAYMENTS AND OTHER ASSETS

	<u>December 31</u>	
	2019	2018
<u>Prepayments</u>		
Prepayments to suppliers	\$ 2,399,005	\$ 2,417,797
Others	_____77,669	_____330,860
	\$ _____2,476,674	\$ _____2,748,657
<u>Other assets</u>		
Overpaid sales tax	\$ 357,943	\$ 338,983
Restricted assets	331,128	3,563,964
Pledged time deposits	208,333	526,523
Temporary debits	181,438	261,325
Others	_____ -	_____ 6
	\$ _____1,078,842	\$ _____4,690,801
<u>Prepayments</u>		
Current	\$ 336,000	\$ 352,440
Non-current	_____2,140,674	_____2,396,217
	\$ _____2,476,674	\$ _____2,748,657
<u>Other assets</u>		
Current	\$ 957,457	\$ 4,690,801
Non-current	_____121,385	_____ -
	\$ _____1,078,842	\$ _____4,690,801

The Corporation recognized an impairment loss on prepayments after an assessment; refer to Note 36.

17. LOANS

a. Short-term bank loans

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Secured borrowings</u>		
Bank loans	\$ 244,459	\$ 200,000
<u>Unsecured borrowings</u>		
Line of credit borrowings (1)	<u>2,444,389</u>	<u>5,943,020</u>
	<u>\$ 2,688,848</u>	<u>\$ 6,143,020</u>

- 1) The range of weighted average effective interest rates on bank loans was 1.7300%-3.6050% and 0.8800%-4.0698% per annum as of December 31 2019 and 2018, respectively.
- 2) The unused amount of short-term bank loan facilities were \$2,700,284 thousand and \$4,715,676 thousand, as of December 31, 2019 and 2018, respectively.
- 3) The assets pledged as collaterals for short-term bank loans are shown in Note 35.

b. Short-term bills payable

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Commercial papers	\$ -	\$ 80,000
Less: Unamortized discount on bills payable	<u>-</u>	<u>(37)</u>
	<u>\$ -</u>	<u>\$ 79,963</u>

Outstanding short-term bills payable were as follows:

December 31, 2018

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
<u>Commercial paper</u>				
International Bills Finance Corporation	<u>\$ 80,000</u>	<u>\$ 37</u>	<u>\$ 79,963</u>	2.49%

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

c. Long-term bank loans

	December 31	
	2019	2018
<u>Secured loan</u>		
10.13 billion syndicated loan from First Bank	\$ 9,803,460	\$ -
KGI Bank loan	250,000	250,000
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
Union Bank of Taiwan loan	-	11,660
<u>Unsecured loan</u>		
King's Town Bank	904,916	1,210,000
0.5 billion syndicated loan from First Bank	225,000	337,500
Cota Commercial Bank loan	-	16,664
<u>Other borrowings</u>		
Machinery and equipment Financing from EQUVO Pte., Ltd.	488,134	672,941
Inventory Financing from SinoPac Leasing Corporation	78,420	-
Inventory Financing from Shinshin Credit Corporation	37,895	-
Inventory Financing from Hotai Finance Corporation	31,106	58,562
Inventory Financing from Taichung Bank Leasing & Finance Co., Ltd	21,416	71,555
Credit loan from IBT Leasing Co., Ltd.	15,089	59,714
Inventory Financing from JihSun International Leasing & Finance Co., Ltd.	-	90,370
Credit loan from Co-operative Assets Management Co., Ltd.	-	41,809
Credit loan from JihSun International Leasing & Finance Co., Ltd.	-	23,799
Credit loan from Taichung Bank Leasing Co., Ltd.	-	23,477
Inventory Financing from IBT Leasing Corporation Limited	-	7,327
	<u>11,855,436</u>	<u>9,783,678</u>
Less: Current portion	<u>(2,412,274)</u>	<u>(3,353,701)</u>
	<u>\$ 9,443,162</u>	<u>\$ 6,429,977</u>
The range of interest rate	1.4896%- 6.9239%	1.6894%- 6.9239%

1) The bank borrowing restrictions are as follows:

During the credit period, the agreement on the First Bank \$10.13 billion syndicated loans requires the maintenance of certain financial ratios based on the Corporation annual and semiannual consolidated financial reports. The related restrictions are as follows:

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

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

The First Bank \$10.13 billion syndicated loans were new borrowings in February 2019. According to the agreement, the above financial ratios would have been reviewed based on the annual consolidated financial statements from 2019.

During the credit period, the agreement on the 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 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 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 had been revised and agreed by the banks based on the Corporation's annual and semiannual consolidated financial statement 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 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.

2) Other loan restrictions are as follows:

The Corporation 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 Corporation to repay the outstanding principal amount, including interest, in equal installments; as of December 31, 2019 and 2018, the sum of all outstanding installments were \$187,582 thousand and \$342,296 thousand, including interest amounting to \$4,308 thousand and \$7,492 thousand, respectively.

The assets pledged as collaterals for long-term bank loans are shown in Note 35.

The unused amount of long-term bank loan facilities were \$506,040 thousand and \$790,000 thousand as of December 31, 2019 and 2018, respectively.

18. BONDS PAYABLE

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Secured overseas convertible bonds	\$ -	\$ 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 Securities Trading Limited. The convertible bonds contained the host liability instrument, the conversion option and derivative instrument of redemption option. The effective interest rate of the host liability instrument on initial recognition was 3.186% per annum, and the conversion option derivative instruments were measured at fair value through profit or loss.

Movement of the host liability instrument, the conversion option and derivative instrument of the redemption option were as follows:

	The Host Liability Instrument		The Conversion Option and Derivative Instrument of Redemption Option	
	US\$	NT\$	US\$	NT\$
The 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)	-	-
Fair value changes gain	-	-	(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)	-	-
Fair value changes gain	-	-	(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)	-	-
Fair value changes gain	-	-	-	-
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 December 31, 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 non-consolidated 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 shareholders' equity): 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 aforementioned corporate bonds have been settled in October 2019.

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

The assets pledged as collaterals for bonds payable are shown in Note 35.

19. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31	
	2019	2018
<u>Accrued expenses</u>		
Loss on contracts	\$ 278,990	\$ 260,480
Salaries	132,531	190,812
Bonus	131,309	279,223
Others	<u>588,544</u>	<u>900,259</u>
	<u>\$ 1,131,374</u>	<u>\$ 1,630,774</u>
<u>Other liabilities</u>		
Advanced receipts from customers	\$ 10,299	\$ 54,165
Receipts under custody	5,583	8,995
Others	<u>1,936</u>	<u>1,478</u>
	<u>\$ 17,818</u>	<u>\$ 64,638</u>
Current	\$ 17,818	\$ 64,638
Non-current	<u>-</u>	<u>-</u>
	<u>\$ 17,818</u>	<u>\$ 64,638</u>

20. PROVISIONS

	December 31	
	2019	2018
<u>Non-current</u>		
Warranties	<u>\$ 168,804</u>	<u>\$ 298,867</u>
<u>Years Ended December 31</u>		
	2019	2018
<u>Warranties</u>		
Balance at January 1	\$ 298,867	\$ 240,968
Additions	49,173	61,027
Reversals	(179,236)	-
Usage	<u>-</u>	<u>(3,128)</u>
Balance at December 31	<u>\$ 168,804</u>	<u>\$ 298,867</u>

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

21. RETIREMENT BENEFIT PLANS

The Corporation 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.

22. EQUITY

a. Shares capital

1) Common shares

	December 31	
	2019	2018
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 and SEC, and the date of the merger is October 1, 2018. On March 28, 2018, the Corporation, Gintech and SEC approved the merger in their shareholders’ meeting.

In connection with the combined contract, Gintech and SEC are entitled to convert outstanding ordinary shares, including private equity and restricted employee share options, through a share swap at a 1:1.39 and 1:1.17 ratio (“sum of the consideration”), respectively. Regarding the share swap, the Corporation expected a total capital increase of NT\$11,644,007 thousand and issued new shares amounted to 1,164,401 thousand shares (including 40,122 thousand shares of private-placement shares.), all ordinary shares, with a par value of NT\$10 which was approved by the FSC on July 23, 2018. On August 3, 2018, the Corporation’s board of directors ruled that, due to the cancellation of part of the issue of employee rights shares issued by the Corporation, Gintech and SEC, the conversion equity was changed, and the new shares issued by the merger and capital increase were adjusted from 1,164,401 thousand shares to 1,164,020 thousand shares, the base date of the merger and the date of listing of the new shares issued by the capital increase were October 1, 2018.

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

On January 29, 2018, the Corporation's board of directors approved to increase its capital by an issuance of up to 380,000 thousand shares through private-placement shares, which was also subject to approval by the shareholders in their meeting on March 28, 2018. On October 1, 2018, the Corporation's board of directors approved an increase of its capital by \$2,781,307 thousand through a private placement of 334,292 thousand new ordinary shares at NT\$8.32 per share with the effective date on October 15, 2018. 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 Corporation, on February 22, 2019, the Corporation's board of directors approved to sign a simplified merger agreement with 100% sharing subsidiary, GES, according to Article 19 of the Corporate Mergers and Acquisitions Act and other relevant laws and regulations, with the Corporation as the surviving company and GES as the extinct company after the merger ("the merger"). Considering that the entire issued share capital of GES was held by the Corporation, the share capital of GES held by the Corporation will be cancelled at no cost on the date of the merger. In the merger, the Corporation does not need to pay in exchange for shares. The tentative date of the merger is March 31, 2019.

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 with the date December 10, 2019.

b. Capital surplus

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
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 changes in capital surplus of associates or joint ventures	-	42,000
Share premiums - employee restricted shares	6,452	-
Share premiums - Arising from 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 Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulting from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of a subsidiary accounted for using the equity method and adjustments for the capital surplus generated from the convertible bonds when they expire.

c. Retained earnings and dividend policy

Under the dividend policy, if the Corporation 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 Corporation'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 24 (f).

The Articles of Incorporation of the Corporation 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 Corporation's paid-in capital. Legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation'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 Corporation.

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

	Offset of Accumulated Deficits	
	For the Year Ended December 31	
	2018	2017
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

Unrealized gain on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ (527,897)	\$ (130,891)
Recognized during the period		
Unrealized gain - equity instruments	792,673	(394,342)
The losses of investments accounted for using the equity method	10,748	(2,664)
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 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 stock. They are same as general shareholders except for the rights of cash injection and the rights of voting.

23. REVENUE

The analysis of the Corporation's revenue was as follows:

	<u>Years Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 13,353,906	\$ 9,977,267
Revenue from construction	116,558	89,356
Processing fees revenue	7,777	56,344
Revenue from other activities	<u>1,433,525</u>	<u>296,493</u>
	<u>\$ 14,911,766</u>	<u>\$ 10,419,460</u>

a) Contracts with customers

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 receive 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 Corporation 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 cannot be recognized.

2) Construction revenue

The Corporation undertakes power plant construction contracts with customer-specified specifications, and recognizes revenue gradually during the construction process. As the cost of construction is directly related to the degree of completion of the performance obligation, the Corporation measures the progress of completion based on the actual input cost as a proportion of the expected total cost. The Corporation recognizes contract assets gradually during the construction process and transfers them to accounts receivable when billing. If the amount of engineering received exceeds the amount of recognized revenue, the difference would be recognized as contract liability. In accordance with contract terms, project retention payments withheld by customers are intended to ensure that the Corporation fulfills all contractual obligations and are recognized as contract asset before the Corporation's performance is completed.

If the results of performance obligations cannot be measured reliably, construction revenue is recognized only when costs incurred to meet performance obligations are expected to be recovered.

3) 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.

b) Contract balances

	December 31, 2019	December 31, 2018 (Restated)	January 1, 2018 (Restated)
Notes and accounts receivable (Note 10)	<u>\$ 1,852,814</u>	<u>\$ 2,555,098</u>	<u>\$ 1,466,966</u>
Contract assets			
Power facilities construction contracts	\$ 45,940	\$ 13,381	\$ -
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>-</u>
Contract assets - current	<u>\$ 45,940</u>	<u>\$ 13,381</u>	<u>\$ -</u>
Contract liabilities			
Sale of goods	\$ 252,409	\$ 187,109	\$ 97,732
Power facilities construction contracts	<u>-</u>	<u>5,198</u>	<u>-</u>
Contract liabilities - current	<u>\$ 252,409</u>	<u>\$ 192,307</u>	<u>\$ 97,732</u>

Revenue of the reporting period recognized from the contract liabilities incurred from the beginning of the year is as follows:

	For the Year Ended December 31	
	2019	2018
From contract liabilities incurred from the beginning of the year		
Sale of goods	<u>\$ 137,536</u>	<u>\$ 97,732</u>

c) Disaggregation of revenue

	For the Year Ended December 31	
	2019	2018
Geographical markets		
Taiwan	\$ 4,482,553	\$ 5,765,863
America	2,549,530	468,642
Germany	2,317,143	1,982,989
Others	<u>5,562,540</u>	<u>2,201,966</u>
	<u>\$ 14,911,766</u>	<u>\$ 10,419,460</u>
Timing of revenue recognition		
Satisfied at a point in time	\$ 14,777,748	\$ 10,310,047
Satisfied over time	<u>134,018</u>	<u>109,413</u>
	<u>\$ 14,911,766</u>	<u>\$ 10,419,460</u>

d) Partially completed contracts

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

	December 31, 2019
Power facilities construction contracts	
- in 2020	<u>\$ 7,044</u>

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

24. NET (LOSS) PROFIT AND OTHER COMPREHENSIVE INCOME (LOSS)

a. Other income and expenses

	Years Ended December 31	
	2019	2018
Impairment loss on property, plant and equipment	\$ (1,120,558)	\$ -
Loss on disposal of property, plant and equipment	(12,120)	-
Gain (loss) on disposal of non-current assets held for sale	-	(2,403)
Other	<u>173</u>	<u>-</u>
	<u>\$ (1,132,505)</u>	<u>\$ (2,403)</u>

b. Interest income and other income

	Years Ended December 31	
	2019	2018
Interest income		
Bank deposits	\$ 26,801	\$ 21,006
Puttable preference shares	9,541	11,487
Financing provided to related parties	4,433	25,735
Others	<u>27</u>	<u>693</u>
	<u>\$ 40,802</u>	<u>\$ 58,921</u>
Other income		
Accounting and operations management income	\$ 60,280	\$ 16,140
Rental income	24,813	8,787
Income	19,958	-
Late payment	1,575	24,926
Insurance compensation income	1,362	19,801
Others	<u>26,162</u>	<u>25,390</u>
	<u>\$ 134,150</u>	<u>\$ 95,044</u>

c. Finance costs

	Years Ended December 31	
	2019	2018
Interest on bank loans	\$ 371,996	\$ 281,065
Interest on convertible bonds	98,409	112,981
Other interest expenses	<u>83,494</u>	<u>53,012</u>
	<u>\$ 553,899</u>	<u>\$ 447,058</u>

d. Depreciation and amortization

	Years Ended December 31	
	2019	2018
Property, plant and equipment	\$ 2,192,623	\$ 1,580,277
Right-of-use assets	<u>24,669</u>	<u>-</u>
	<u>\$ 2,217,292</u>	<u>\$ 1,580,277</u>
Intangible assets	<u>\$ 3,864</u>	<u>\$ 1,192</u>
An analysis of depreciation by function		
Operating costs	\$ 1,991,830	\$ 1,505,413
Operating expenses	<u>225,462</u>	<u>74,864</u>
	<u>\$ 2,217,292</u>	<u>\$ 1,580,277</u>
An analysis of amortization by function		
Operating costs	\$ 124	\$ 84
Operating expenses	<u>3,740</u>	<u>1,108</u>
	<u>\$ 3,864</u>	<u>\$ 1,192</u>

e. Employee benefits expense

	Years Ended December 31	
	2019	2018
Post-employment benefits (Note 22)		
Defined contribution plans	\$ 71,587	\$ 61,941
Share-based payments		
Equity-settled share-based payments	3,337	16,492
Other employee benefits	<u>1,874,194</u>	<u>1,583,112</u>
Total employee benefits expense	<u>\$ 1,949,118</u>	<u>\$ 1,661,545</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,433,799	\$ 1,213,385
Operating expenses	<u>515,319</u>	<u>448,160</u>
	<u>\$ 1,949,118</u>	<u>\$ 1,661,545</u>

f. Bonuses to employees and directors

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

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

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

g. Net (loss) gain on foreign currency exchange

	Years Ended December 31	
	2019	2018
Foreign exchange gains	\$ 2,971,530	\$ 2,435,359
Foreign exchange losses	<u>(2,959,913)</u>	<u>(2,482,552)</u>
Net (loss) profit	<u>\$ 11,617</u>	<u>\$ (47,193)</u>

25. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expenses were as follows:

	<u>For the Year Ended December 31</u>	
	2019	2018
Current tax		
Current year	\$ -	\$ -
Prior period	<u>(476)</u>	<u>(1,130)</u>
Income tax expense recognized in profit or loss	<u>\$ (476)</u>	<u>\$ (1,130)</u>

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

	<u>For the Year Ended December 31</u>	
	2019	2018
Loss before tax	<u>\$ (5,685,589)</u>	<u>\$ (576,110)</u>
Income tax benefit at calculated statutory rate	\$ 1,137,118	\$ 115,222
Non-deductible expenses in determining taxable income	(25,514)	331,289
Unrecognized loss carryforwards	(612,890)	(452,594)
Unrecognized deductible temporary differences	(498,714)	6,083
Adjustments for prior years' tax expense	<u>(476)</u>	<u>(1,130)</u>
Income tax expense recognized in profit or loss	<u>\$ (476)</u>	<u>\$ (1,130)</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%.

b. Current tax assets and liabilities

	<u>For the Year Ended December 31</u>	
	2019	2018
Current tax assets		
Tax refund receivable	\$ 4,936	\$ 3,847
Acquired from business combinations	<u>-</u>	<u>1,906</u>
	<u>\$ 4,936</u>	<u>\$ 5,753</u>

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

	Balance, Beginning of Year	Movements	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences			
Depreciation differences on property, plant and equipment	\$ 7,427	\$ (3,086)	\$ 4,341
Write-downs of inventories	1,677	(516)	1,161
Others	<u>631,157</u>	<u>(15,932)</u>	<u>615,585</u>
	<u>\$ 640,621</u>	<u>\$ (19,534)</u>	<u>\$ 621,087</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Unrealized foreign exchange gain	\$ 19,800	\$ (19,800)	\$ -
Unrealized gain or financial instructions at fair value through profit or loss	29,605	5,551	35,156
Others	<u>6,206</u>	<u>1,464</u>	<u>7,670</u>
	<u>\$ 55,611</u>	<u>\$ (12,785)</u>	<u>\$ 42,826</u>

For the year ended December 31, 2018

	Balance, Beginning of Year	Movements	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences			
Depreciation differences on property, plant and equipment	\$ 7,452	\$ (25)	\$ 7,427
Write-downs of inventories	1,254	423	1,677
Others	<u>70,392</u>	<u>561,125</u>	<u>631,517</u>
	<u>\$ 79,098</u>	<u>\$ 561,523</u>	<u>\$ 640,621</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Unrealized foreign exchange gain	\$ 17,381	\$ 2,419	\$ 19,800
Unrealized gain or financial instructions at fair value through profit or loss	28,678	927	29,605
Others	<u>-</u>	<u>6,206</u>	<u>6,206</u>
	<u>\$ 46,059</u>	<u>\$ 9,552</u>	<u>\$ 55,611</u>

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

	December 31	
	2019	2018
Loss carryforwards		
Expiry in 2021	\$ 348,235	\$ -
Expiry in 2022	824,497	-
Expiry in 2023	43,169	114,308
Expiry in 2024	7,397	7,397
Expiry in 2025	255,771	255,777
Expiry in 2026	1,230,640	1,251,072
Expiry in 2027	1,973,963	1,977,191
Expiry in 2028	2,966,415	2,971,137
Expiry in 2029	<u>3,064,448</u>	<u>-</u>
	<u>\$ 10,714,535</u>	<u>\$ 6,576,882</u>
Deductible temporary differences	<u>\$ 7,422,690</u>	<u>\$ 4,961,177</u>

Under Article 43 of the Business Mergers and Acquisitions Act, amended on July 8, 2015, any loss of the Corporation, 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:

Statute for Upgrading Industries	Period
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.

26. LOSS PER SHARE

	Unit: NT\$ Per Share	
	Years Ended December 31	
	2019	2018
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 common shares outstanding (in thousands of shares) in the computation of loss per share were as follows:

Net loss for the year

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

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

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

Since the Corporation is allowed to settle the remuneration of employees by cash or shares, the Corporation assumed that the entire amount of the employee remuneration will be settled in shares; as the effect of the resulting potential shares is dilutive, these shares are included in the weighted average number of shares outstanding used in the computation of diluted 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 excluded from the computation of diluted loss per share.

27. 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 with the date 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:

	First time in 2019
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 was 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 a restricted share plan which amounted to \$30,000 thousand, consisting of 3,000 thousand, consisting of 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 a restricted share plan which amounted to \$22,050 thousand, consisting of 2,205 thousand, consisting of 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 on 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 a restricted share plan which amounted to \$21,000 thousand, consisting 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, consisting of 2,100 thousand shares with a par value of \$10 and distributed out of earnings, which was granted on September 15, 2017 and issued on September 30, 2017. On the grant date, an actual amount of \$18,550 thousand was issued, which consisted of 1,855 thousand shares with a fair value of \$14.45 per share.

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

Replaced employee share option plan was as follows:

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

Information on issued employee restricted shares was as follows:

	Shares (In Thousands)	
	For Year Ended December 31	
	2019	2018
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. 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 recognized compensation costs of \$301 thousand and \$16,492 thousand for the years ended December 31, 2019 and 2018, respectively.

28. BUSINESS COMBINATIONS

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

a. Gain on bargain purchase due to consolidation

	Gintech Energy	Solartech Energy
Consideration transferred	\$ 7,314,880	\$ 4,399,288
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>

Gintech Energy and Solartech Energy were acquired in order to continue the expansion of the Corporation's activities in manufacturing solar cells and other solar related business. For details about the acquisition of Gintech Energy and Solartech Energy, refer to Note 22 and Note 31 to the Corporation's consolidated financial statements for the year ended December 31, 2019.

29. DISPOSAL OF SUBSIDIARIES

Yong Yao, which carried out its entire solar-related businesses in Taiwan, was disposed of in the fourth quarter of 2019, and control of Yong Yao was passed to the acquirer on that date.

a. Consideration received from the disposal

	December 31, 2019
	<u>Taiwan</u>
Consideration received in cash and cash equivalents	\$ 142,000
Sales proceeds receivable	<u>-</u>
Total consideration received	<u>\$ 142,000</u>

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

	December 31, 2019
	<u>Taiwan</u>
Current assets	
Cash and cash equivalents	\$ 51
Others	26,178
Non-current assets	
Property plant and equipment	538,919
right-of-use assets	268,458
Others	66,299
Current liabilities	
Other payable	81
Other payable to related parties	348,000
Lease liabilities - current	10,328
Non-current liabilities	
Lease liabilities - non-current	<u>261,379</u>
Net assets disposed of	<u>\$ 280,117</u>

c. Loss on disposals of subsidiaries

	December 31, 2019
	<u>Taiwan</u>
Consideration received	\$ 142,000
Net assets disposed of	<u>(280,117)</u>
Loss on disposal	<u>\$ (138,117)</u>

d. Net cash inflow on disposal of subsidiaries

	December 31, 2019
	<u>Taiwan</u>
Consideration received in cash and cash equivalents	\$ 142,000
Less: As-of-yet received accounts receivable of disposal	<u>(51)</u>
	<u>\$ 141,949</u>

Yong Han and Yong Yeh, which carried out its entire solar-related businesses in Taiwan, were disposed of in the first quarter of 2018, and control of Yong Han and Yong Yeh was passed to the acquirer, Neo Cathay, on that date. Refer to Note 32 of the Corporation's 2019 consolidated financial report.

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

30. PARTIAL ACQUISITION OR DISPOSAL OF SUBSIDIARIES - WITHOUT LOSS OF CONTROL

In May 2019, the Corporation subscribed for additional new shares of Utech, increasing its continuing interest from 98.30% to 99.49%.

The above transactions were accounted for as equity transactions since the Corporation did not cease to have control over these subsidiaries.

31. 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)	\$ 426,929	\$ (32,718)	\$ -	\$ 4,598	\$ (15,187)	\$ 13,522	\$ 397,144

Note: The financing costs of lease liabilities.

32. CAPITAL MANAGEMENT

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

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

33. FINANCIAL INSTRUMENTS

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

December 31, 2018

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial 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 above bonds payable were settled in October 2019.

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Cross-currency swap contracts	\$ <u> -</u>	\$ <u> 2,392</u>	\$ <u> -</u>	\$ <u> 2,392</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 2,287,336	\$ 80,880	\$ -	\$ 2,368,216
Domestic unlisted shares	-	-	49,497	49,497
Foreign unlisted shares	<u> -</u>	<u> -</u>	<u> 20,426</u>	<u> 20,426</u>
	<u>\$ 2,287,336</u>	<u>\$ 80,880</u>	<u>\$ 69,923</u>	<u>\$ 2,438,139</u>
Financial liabilities at FVTPL				
Foreign exchange forward contracts	\$ <u> -</u>	\$ <u> 755</u>	\$ <u> -</u>	\$ <u> 755</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 1,471,188	\$ 66,240	\$ -	\$ 1,537,428
Equity securities				
Domestic unlisted shares	-	-	66,564	66,564
Foreign unlisted shares	<u> -</u>	<u> -</u>	<u> 41,474</u>	<u> 41,474</u>
	<u>\$ 1,471,188</u>	<u>\$ 66,240</u>	<u>\$ 108,038</u>	<u>\$ 1,645,466</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

	Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2019	\$ 108,038
Recognized in profit or loss - unrealized	<u>(38,115)</u>
Balance at December 31, 2019	<u>\$ 69,923</u>

For the year ended December 31, 2018

	Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments
<u>Financial assets</u>	
Balance at January 1, 2018	\$ 22,440
Acquisitions through business combinations	42,738
Purchases	59,086
Recognized in profit or loss - unrealized	<u>(16,226)</u>
Balance at December 31, 2018	<u>\$ 108,038</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - cross - currency swap contracts and foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Securities listed in the ROC	The Corporation'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) 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, while the price multiplier and volatility used to determine the fair value of foreign unlisted shares were 1.4100 and 30.00%, respectively.

Sensitivity analysis

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

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

b) 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

	<u>December 31</u>	
	2019	2018
<u>Financial assets</u>		
FVTPL		
Mandatorily at FVTPL	\$ 2,392	\$ -
Financial assets at amortized cost (Note 1)	11,259,387	17,837,419
Financial assets at FVTOCI		
Equity instruments	2,438,139	1,645,466
<u>Financial liabilities</u>		
FVTPL		
Mandatorily at FVTPL	755	-
Held for trading	-	-
Amortized cost (Note 2)	16,675,693	22,731,193

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

Note 2: The financial liabilities included short-term loans, short-term bills payable, notes and accounts payable, accounts payable to related parties, payables to contractors and equipment suppliers, accrued expenses, long-term loans, bonds payable, preference share liabilities, guarantee deposits, etc. and are measured at amortized cost.

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

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

a) Foreign currency risk

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

The Corporation 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 Corporation'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>
(Loss) or profit	\$ 36,727	\$ 1,290	\$ 6,107	\$ 8,632	\$ (8,445)	\$ (11,596)

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

b) Interest rate risk

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

The carrying amounts of the Corporation'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	\$ 1,055,653	\$ 1,457,104
Financial liabilities	(3,474,285)	(8,393,402)
Cash flow interest rate risk		
Financial assets	5,168,385	10,631,374
Financial liabilities	(11,534,301)	(11,348,723)

Sensitivity analysis

The sensitivity analysis below was based on the Corporation'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 assets and liabilities 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 Corporation's net profit for 2019 and 2018 would increase by \$63,659 thousand and \$7,173 thousand, respectively, mainly because of the Corporation's exposure to interest rates on its variable-rate demand deposits and bank borrowings.

The Corporation'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 Corporation is exposed to equity price risk on financial asset at FVTOCI available-for-sale financial assets, which are not held for trading.

Sensitivity analysis

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

If equity prices had been 5% lower, other comprehensive income for 2019 would decrease by \$121,907 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 \$82,273 thousand as a result of the changes in the fair value of financial assets at FVTOCI.

The Corporation'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 Corporation. As at the end of the reporting period, the Corporation's maximum exposure to credit risk, which would cause a financial loss to the Corporation due to a failure to discharge an obligation by the counterparties and financial guarantees provided by the Corporation, could arise from:

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

To minimize credit risk, the Corporation'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 Corporation 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 Corporation's management considers the Corporation'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 Corporation did not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics.

The Corporation's customer base was large and unrelated, so the concentrations of credit risk were not high.

3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Corporation'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 Corporation relies on bank loans as a significant source of liquidity.

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

The following tables show the Corporation's remaining contractual maturity for its non-derivative financial liabilities with agreed-upon repayment periods. The tables were drawn up on the basis of undiscounted cash flows of financial liabilities from the earliest date on which the Corporation can be required to pay. The tables included both interest and principal cash flows.

Bank loans with a repayment on demand clause were included in the first column of the tables below regardless of the probability of the banks choosing to exercise their rights to repayment. The maturity dates for other non-derivative financial liabilities were based on the agreed-upon repayment dates.

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

December 31, 2019

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 1,427,829	\$ 415,656	\$ 222,746	\$ 65,178
Variable interest rate liabilities	94,200	1,248,947	1,379,095	9,389,933
Fixed interest rate liabilities	265,869	1,484,021	988,364	330,228
Lease liabilities	<u>2,307</u>	<u>4,537</u>	<u>18,953</u>	<u>615,107</u>
	<u>\$ 1,790,205</u>	<u>\$ 3,153,161</u>	<u>\$ 2,609,158</u>	<u>\$ 10,400,446</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>\$ 25,797</u>	<u>\$ 83,518</u>	<u>\$ 97,643</u>	<u>\$ 97,643</u>	<u>\$ 97,643</u>	<u>\$ 238,660</u>

December 31, 2018

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 1,878,452	\$ 919,441	\$ 253,645	\$ 58,497
Variable interest rate liabilities	158,419	1,483,426	4,042,397	6,069,748
Fixed interest rate liabilities	<u>733,666</u>	<u>2,497,733</u>	<u>4,682,773</u>	<u>522,915</u>
	<u>\$ 2,770,537</u>	<u>\$ 4,900,600</u>	<u>\$ 8,978,815</u>	<u>\$ 6,651,160</u>

As of December 31, 2019 and 2018, the Corporation believes there was no bank loan on which immediate repayment will be demanded.

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

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

The following tables show the Corporation'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.

	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	<u>\$ 755</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

34. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, transactions between the Corporation and its related parties are disclosed below.

a. Related parties and their relationship with the Corporation

<u>Related Party</u>	<u>Relationship with the Corporation</u>
Delta Electronics Inc.	Investors with significant influence on certain group entities (Note 1)
Zhongyang	Subsidiary (Note 2)
Ever Lite Power Inc. (Ever Lite)	Subsidiary
Apex	Subsidiary (Note 2)
Solartech JP	Subsidiary (Note 2)
SMC	Subsidiary (Note 2)
Hsin Jin Optoelectronics (Hsin Jin Optoelectronics)	Subsidiary
Utech	Subsidiary (Note 2)
BPS	Subsidiary
Prime Energy	Subsidiary
Huiyang	Subsidiary (Note 2)
NSP System	Subsidiary
Neo Solar Power (Nanchang) Ltd. (NSP Nanchang)	Subsidiary
Hsin Jin Solar Energy Co., Ltd. (Hsin Jin Solar Energy)	Subsidiary
New Ray Investment	Subsidiary
Si Two Corp. (Si Two)	Subsidiary
Beryl Construction LLC (Beryl)	Subsidiary
Clean Focus Renewables Inc. (CFR)	Subsidiary
DelSolar US Holdings (Delaware) Corporation (DelSolar US)	Subsidiary
GES ME	Subsidiary
GES UK	Subsidiary
Gintech (Thailand) Limited (Gintech Thailand)	Subsidiary (Note 2)
Neo Solar Power Vietnam Co., Ltd. (NSP Vietnam)	Subsidiary
NSP Germany GmbH (NSP Germany)	Subsidiary
NSP Indygen UK Ltd. (NSP Indygen)	Subsidiary
NSP SYSTEM NEVADA HOLDING CORP. (NSP NEVADA)	Subsidiary
NSP UK	Subsidiary
UKEG POTTERS BAR LIMITED (POTTERS BAR)	Subsidiary (Note 8)
GDL Bryncrynu Ltd.	Subsidiary (Note 8)
GDL Upper Meadowley Ltd.	Subsidiary (Note 8)
General Energy Solutions USA. Inc.	Subsidiary
Yong Zhou Ltd. (“Yong Zhou”)	Subsidiary
GES JAPAN CORPORATION (“GES JAPAN”)	Subsidiary
Yong Liang Ltd. (“Yong Liang”)	Subsidiary
Yong Yao Ltd. (“Yong Yao”)	Subsidiary
Yong Shun Ltd. (“Yong Shun”)	Subsidiary
Hashimoto Corporation (“Hashimoto”)	Subsidiary
URE NSP Co.	Subsidiary
Tienyang Green Power Ltd. Co.	Subsidiary
Deyang Green Power Ltd. Co.	Subsidiary
Shanyang Green Power Ltd. Co.	Subsidiary

(Continued)

Related Party	Relationship with the Corporation
Jeyang Green Power Ltd. Co.	Subsidiary
DelSolar Wu Jiang	Subsidiary
Uniited Renewable Energy Engineering Co.	Subsidiary
Lianzhang Energy Power Ltd. Co.	Subsidiary
Lianxi Energy Power Ltd. Co.	Subsidiary
Liancheng Energy Power Ltd. Co.	Subsidiary
TTMC	Other related parties
Taiwan Speciality Chemicals Corporation	Other related parties (Note 4)
SAS	Other related parties (Note 4)
Delta Electronics (Americas) Ltd.	Other related parties (Note 1)
Delta Electronics (Japan), Inc.	Other related parties (Note 1)
Delta Electronics (Switzerland) AG	Other related parties (Note 1)
Delta Greentech Ltd. - Turkey	Other related parties (Note 1)
Phanes Holding	Other related parties
Top Green Energy Technologies Inc.	Other related parties (Note 3)
Si One Corp. (Si One)	Associates (Note 5)
Da Li Energy Co., Ltd. (Da Li Energy)	Associates (Note 5)
Sunshine PV	Associates (Notes 2 and 9)
Neo Cathay Electric Power Corp. (Neo Cathay Electric)	Associates (Note 5)
Neo Cathay	Associates
DSET	Associates
V5 Technology	Associates
Gintung Energy	Associates (Note 2)
Yong Han Ltd. (“Yong Han”)	Associates (Note 6)
Yun Yeh Ltd. (“Yun Yeh”)	Associates (Note 6)
Clean Focus Corporation (CFC)	Associates (Note 7)
CFY	Associates (Note 7)

(Concluded)

Note 1: On October 15, 2018, Delta Company originally held 6.64% of the equity of the Corporation. After the election of the directors of the Corporation on November 20, 2018, the directors representing Delta Company resigned from the board of directors of the Corporation. Delta Company and its subsidiaries (Delta Company, Delta Electronics (Americas) Ltd., Delta Electronics (Japan), Inc., Delta Electronics (Switzerland) AG, Delta Greentech Ltd. - Turkey, did not meet the definition of related parties. Therefore, only the outstanding amount as of December 31, 2018 and transactions from January 1, 2018 to November 20, 2018 were disclosed as related party transactions.

Note 2: The acquisition of subsidiaries and associates are due to absorption merging the two corporations, Gintech Energy and Solartech Energy on October 1, 2018.

Note 3: 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 4: After the date of merger, October 1, 2018, the Corporation and the directors of the Corporation became the shareholders of SAS and TSCC and became their directors. SAS and TSCC meet the definition of other related parties. Therefore, the outstanding amounts and transactions after October 31, 2018 were disclosed as related party transactions.

Note 5: The associates were Neo Cathay’s subsidiaries.

Note 6: Yong Han and Yun Yeh had become subsidiaries of Neo Cathay since March 30, 2018 and were deemed associates; thus, the Corporation disclosed the trading transactions from March 30, 2018 and the balances as of March 30, 2018.

Note 7: CFY is NSP BVI's associate. CFC is CFY's subsidiary.

Note 8: Non-subsidiaries after disposal in October 2018.

Note 9: The Corporation resigned from the board of Sunshine PV so the Corporation no longer has influence over Sunshine PV. Therefore, Sunshine PV does not meet the definition of a related party but only outstanding balance as of May, 2019 were disclosed.

b. Sales of goods

	For the Year Ended December 31	
	2019	2018
Subsidiaries	\$ 1,320,686	\$ 328,879
Associates	249,312	521,924
Other related parties	11,210	50,677
Investors with significant influence	<u>-</u>	<u>78</u>
	<u>\$ 1,581,208</u>	<u>\$ 901,558</u>

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

c. Other income

	For the Year Ended December 31	
	2019	2018
Subsidiaries		
NSP System	\$ 42,373	\$ 13,228
GES UK	-	18,104
Others	19,460	7,689
Associates	13,853	14,591
Other related parties	<u>5,446</u>	<u>79</u>
	<u>\$ 81,132</u>	<u>\$ 53,691</u>

d. Dividend income

	For the Year Ended December 31	
	2019	2018
Other related parties		
SAS	\$ 65,581	\$ -
TTMC	<u>1,600</u>	<u>2,000</u>
	<u>\$ 67,181</u>	<u>\$ 2,000</u>

e. Interest revenue

	For the Year Ended December 31	
	2019	2018
Other related parties		
Phanes Holding	\$ 9,541	\$ 11,487
Associates		
CFY	2,809	13,969
Others	1,336	750
Subsidiaries		
GES UK	-	10,044
Others	<u>288</u>	<u>972</u>
	<u>\$ 13,974</u>	<u>\$ 37,222</u>

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

f. Purchases of goods

	For the Year Ended December 31	
	2019	2018
Subsidiaries	\$ 655,821	\$ 162,161
Other related parties	11,620	113
Investors with significant influence	<u>-</u>	<u>484</u>
	<u>\$ 667,441</u>	<u>\$ 162,758</u>

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

g. Other expenses

	For the Year Ended December 31	
	2019	2018
Subsidiaries	\$ 33,365	\$ 9,430
Associates	48	1,194
Investors with significant influence	<u>-</u>	<u>652</u>
	<u>\$ 33,413</u>	<u>\$ 11,276</u>

h. Financial cost

	For the Year Ended December 31	
	2019	2018
Subsidiaries	<u>\$ 576</u>	<u>\$ 49</u>

i. Accounts receivable

	December 31	
	2019	2018
Subsidiaries		
Gintech (Thailand)	\$ 158,620	\$ 258,237
NSP System	94,616	95,436
Zhongyang	8,186	64,870
Others	19,839	5,892
Associates		
CFC	105,197	118,079
Others	13,546	31,627
Less: Allowance for impairment loss - Associates	<u>(8,464)</u>	<u>(21,986)</u>
	<u>\$ 391,540</u>	<u>\$ 552,155</u>

j. Other receivables from related parties

	December 31	
	2019	2018
Subsidiaries		
DelSolar US	\$ 969,633	\$ 993,716
GES ME	629,372	574,019
NSP NEVADA	562,020	578,952
Others	570,568	615,027
Associates	241	146,521
Other related parties	20,997	13,290
Less: Allowance for impairment loss - Associates	<u>-</u>	<u>(8,400)</u>
	<u>\$ 2,752,831</u>	<u>\$ 2,913,125</u>

Other receivables were temporary payments of project fees that the Corporation paid for its subsidiaries and associates and overdue accounts receivable. Temporary payments were temporary payments of investments and organization costs that the Corporation paid for its subsidiaries. Refer to Note 38 for information relating to financing between the Corporation and its related parties. The aging of overdue accounts receivable was as follows:

December 31, 2019

Related Party Category/Name	Up to 60 days	61-90 days	91-120 days	More than 120 days
Subsidiaries				
Zhongyang	\$ -	\$ -	\$ -	\$ 64,870
Beryl	-	-	-	46,404
NSP NEVADA	-	-	-	33,532
NSP Nanchang	<u>-</u>	<u>-</u>	<u>885</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 885</u>	<u>\$ 144,806</u>

December 31, 2018

Related Party Category/Name	Up to 60 days	61-90 days	91-120 days	More than 120 days
Subsidiaries				
Beryl	\$ -	\$ -	\$ -	\$ 47,556
NSP NEVADA	-	-	-	34,365
Gintech (Thailand)	-	-	3,484	50
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,484</u>	<u>\$ 81,971</u>

The outstanding receivables from related parties were unsecured

k. Contract assets

	December 31	
	2019	2018
Associates		
Yong Han	<u>\$ 45,940</u>	<u>\$ 13,381</u>

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

l. Payments in advance

	December 31	
	2019	2018
Other related parties		
SAS	\$ 1,117,975	\$ 1,118,451
Subsidiaries	<u>54,835</u>	<u>150,967</u>
	<u>\$ 1,172,810</u>	<u>\$ 1,269,418</u>

n. Refundable deposits

	December 31	
	2019	2018
Subsidiaries	<u>\$ 46,397</u>	<u>\$ 3,137</u>

o. Accounts payable

	December 31	
	2019	2018
Subsidiaries		
Gintech (Thailand)	\$ 275,811	\$ 203,003
Utech	49,218	217
Others	23,926	3,631
Other related parties	<u>6,652</u>	<u>68</u>
	<u>\$ 355,607</u>	<u>\$ 206,919</u>

p. Contract liabilities

Related Party Category	December 31	
	2019	2018
Other related parties	\$ 11	\$ 1,195
Subsidiaries		
Zhongyang	-	28,396
Associates	-	154
	<u>\$ 11</u>	<u>\$ 29,745</u>

q. Payables to contractors and equipment suppliers

	December 31	
	2019	2018
Investors with significant influence	<u>\$ -</u>	<u>\$ 12,936</u>

r. Other accrued expenses

	December 31	
	2019	2018
Subsidiaries		
Aeon Co Ltd.	\$ 169,202	\$ 226,110
Other	7,508	7,957
Other related parties	-	2,973
Investors with significant influence	-	193
Associates	-	11
	<u>\$ 176,710</u>	<u>\$ 237,244</u>

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

s. Disposal of property, plant and equipment

	For the Year Ended December 31	
	2019	2018
Subsidiaries	\$ 265,815	\$ -
Investors with significant influence	-	26,830
	<u>\$ 265,815</u>	<u>\$ 26,830</u>

t. Acquisitions of Financial assets

Related Party Category	December 31	
	2019	2018
Subsidiaries	<u>\$ -</u>	<u>\$ 59,085</u>

The Corporation paid \$634,695 thousand and \$146,473 thousand in cash to acquire additional new shares of its subsidiaries and association in 2019 and 2018, respectively. Refer to Note 38 for information about financing, endorsements and guarantees provided to related parties.

u. Compensation of key management personnel

The compensation of directors and other members of key management personnel for 2019 and 2018 was as follows:

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Short-term benefits	\$ 86,630	\$ 69,831
Share-based payments	1,686	7,721
Post-employment benefits	<u>2,076</u>	<u>1,174</u>
	<u>\$ 90,392</u>	<u>\$ 78,726</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.

35. PLEDGED OR MORTGAGED ASSETS

The following assets had been pledged or mortgaged as collaterals for short-term and long-term bank loans, bonds payable and deposits for the government:

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Property, plant and equipment	\$ 8,728,542	\$ 11,908,305
Financial assets at fair value through other comprehensive income	2,172,922	1,337,855
Refundable deposits	847,319	825,595
Investments accounted for using the equity method	608,967	606,932
Restricted assets (classified as other current and non-current assets)	331,128	3,563,964
Pledged time deposits (classified as other current assets)	<u>208,333</u>	<u>526,523</u>
	<u>\$ 12,897,211</u>	<u>\$ 18,769,174</u>

36. SIGNIFICANT CONTINGENT LIABILITIES AND COMMITMENTS

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

a. Significant commitments

1) Long-term purchase contracts:

As of December 31, 2019, the Corporation recognized prepayments of USD56,320 thousand (roughly NT\$1,764,266 thousand), EUR8,636 thousand (roughly NT\$397,190 thousand) shown in the balance sheet. The Corporation 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 Corporation recognized a reversal of impairment loss of \$14,129 thousand because of their supplier liquidation allocation for the year ended December 31, 2019; the Corporation recognized a purchasing agreement losses of \$398,581 thousand for the year ended December 31, 2018.

2) Unused letters of credit amounted to approximately USD3,411 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 Company 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 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.
- 5) 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.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Corporation's 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	Foreign Currencies (In Thousands)	Exchange Rate
<u>Financial assets</u>				
Monetary assets				
USD	\$ 173,634	29.9950	\$ 229,215	30.7400
EUR	4,183	33.6200	14,999	35.2200
JPY	5,267	0.2760	23,918	0.2781
RMB	9,897	4.3000	33,216	4.4760
GBP	165	39.3900	2,038	38.9500
Non-monetary assets				
USD	156,401	30.0437	262,671	30.7743
USD	681	29.9950	763	28.9978
EUR	-	-	600	32.2300
GBP	4,644	39.3900	3,676	38.9500
MYR	28,860	7.0380	52,054	7.1190
<u>Financial liabilities</u>				
Monetary liabilities				
USD	149,145	29.9950	228,376	30.7400
EUR	550	33.6200	10,097	35.2200
JPY	617,203	0.2760	857,838	0.2781
RMB	1,853	4.3000	485	4.4760
GBP	11	39.3900	23	38.9500

For the years ended December 31, 2019 and 2018, realized and unrealized net foreign exchange gains (losses) were \$11,617 thousand and \$(47,193) 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 Corporation.

38. SEPARATELY DISCLOSED ITEMS

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

- a. Financings provided to others: None
- b. Endorsements/guarantees provided: Table 1 (attached)
- c. Marketable securities held (not including investments in subsidiaries, associates, and joint ventures): Table 2 (attached)

- d. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: None
- 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 3 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 4 (attached)
- i. Trading in derivative instruments: Tables 7 (attached)
- j. Related information of investees over which the Corporation exercises significant influence: Table 5 (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 6 (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: Tables 7 (attached)

UNITED RENEWABLE ENERGY CO., LTD.

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	-	-

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: 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., LTD.

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, 2019				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	Shares CTCI	Investee	Financial assets at fair value through other comprehensive income- current	3,003	\$ 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	-

Note 1: The asset has been pledged as collaterals for long-term bank loans and financing facilities. For the details refer to Note 35.

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

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

Note 4: The above marketable securities had not been pledged or mortgaged as of December 31, 2019.

UNITED RENEWABLE ENERGY CO., LTD.

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	Subsidiary	Purchase	\$ 371,714	2.38	OA 7 days after receipt	\$ -	-	\$ (49,218)	(3.24)	-
	CFC	Associate	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

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

UNITED RENEWABLE ENERGY CO., LTD.

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	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

UNITED RENEWABLE ENERGY CO., LTD.

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	29,977	(318)	(318)	Note 5
	UREE	Kaohsiung, Taiwan	Solar related business	20,000	-	2,000	100.00	14,489	(5,511)	(5,511)	Note 3
	DelSolar Singapore	Singapore	Investment company	29,743	29,743	1,250	100.00	18,565	(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 Yao	Changhua, Taiwan	Solar related business	-	142,000	-	-	-	(2,483)	(2,483)	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

Note 1: 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, Jiangung and Dungshr were newly established.

Note 4: The Corporation had recognized impairment loss on equity investment in Solar PV, associate; therefore, the Group did not recognize any share of profit or loss of the associate.

Note 5: 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. The sale of Yong Yao was completed in the fourth quarter of 2019.

Note 6: For investments in Mainland China, refer to Table 6.

UNITED RENEWABLE ENERGY CO., LTD.

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 Corporation 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., LTD.

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.

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UNITED RENEWABLE ENERGY CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Item	Description	Rate (%)	Amount
Demand deposits	Including NTD3,543,795 thousand, USD38,869 thousand @29.9950, EUR2,455 thousand @33.6200, JPY5,267 thousand @0.2760, RMB10,013 thousand @4.300, and GBP13 thousand @39.3900		\$ 4,837,256
Checking accounts			4,903
Cash on hand			<u>451</u>
Total			<u>\$ 4,842,610</u>

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENT OF NOTES AND ACCOUNTS RECEIVABLE

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Client Name	Amount
Third parties	
Client DQ	\$ 301,815
Client EU	200,780
Client CL	194,570
Others (Note)	<u>1,103,531</u>
	<u>1,800,696</u>
Related parties	
Client DS	158,620
Client DD	105,197
Client CX	94,616
Others (Note)	<u>41,571</u>
	<u>400,004</u>
Allowance for doubtful accounts	<u>(347,886)</u>
Total	<u>\$ 1,852,814</u>

Note 1: The amount for each individual client included in others does not exceed 10% of the account balance.

Note 2: Allowance for doubtful accounts of \$346,948 thousand was provided for overdue amounts.

UNITED RENEWABLE ENERGY CO., LTD.**STATEMENT OF INVENTORIES****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Net Realizable Value
Finished goods	\$ 1,648,727	\$ 1,685,099
Raw materials	463,792	531,112
Power facilities construction in process	59,477	59,477
Work in process	<u>34,697</u>	<u>34,697</u>
Total	<u>\$ 2,206,693</u>	<u>\$ 2,310,385</u>

UNITED RENEWABLE ENERGY CO., LTD.**STATEMENT OF PREPAYMENTS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

Item	Amount
Prepayments to suppliers - noncurrent	
Company J	\$ 1,115,522
Company G	816,604
Others (Note 1)	<u>205,093</u>
	<u>2,137,219</u>
Prepayments to suppliers - current	
Company ET	118,461
Company CP	54,835
Company ES	37,997
Company AD	28,633
Others (Note 1)	<u>21,860</u>
	<u>261,786</u>
Others (Note 2)	<u>77,669</u>
Total	<u>\$ 2,476,674</u>

Note 1: The amount for each individual vender included in others does not exceed 10% of the account balance.

Note 2: The amount for each individual item included in others does not exceed 10% of total account balance.

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
 FOR THE YEAR ENDED DECEMBER 31, 2019
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investees	Balance, January 1, 2019		Unrealized Profit (Loss) on Financial Assets Amount	Balance, December 31, 2019			Remark
	Shares (In Thousands)	Amount		Shares (In Thousands)	Proportion of Ownership %	Amount	
Domestic quoted shares CTCI	3,003	\$ 133,333	\$ (18,919)	3,003	0.39	\$ 114,414	Note

Note : The financial assets at fair value through other comprehensive income were not pledged as collateral.

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON CURRENT

FOR THE YEAR ENDED DECEMBER 31, 2019

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

Investees	Balance, January 1, 2019		Acquired from Business Combinations		Deductions		Financial Assets Unrealized Gain or Loss	Balance, December 31, 2019			Remark
	Shares (In Thousands)	Fair value	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount		Shares (In Thousands)	Proportion of Ownership %	Fair Value	
Domestic quoted shares											
SAS	21,860	\$ 1,337,855	-	\$ -	-	\$ -	\$ 835,067	21,860	3.73	\$ 2,172,922	1
TTMC	4,000	66,240	-	-	-	-	14,640	4,000	5.44	80,880	2
Unlisted ordinary shares											
EXOJET	5,885	45,962	-	-	-	-	(17,066)	5,885	12.06	28,896	-
TSCC	1,691	18,601	-	-	-	-	-	1,691	0.58	18,601	-
NTNU	200	2,000	-	-	-	-	-	200	2.00	2,000	-
Sunshine PV	-	-	13,281	-	(13,281)	-	-	-	-	-	3
		<u>1,470,658</u>		<u>-</u>		<u>-</u>	<u>832,641</u>			<u>2,303,299</u>	
Overseas unlisted ordinary shares											
ASIA GLOBAL VENTURE CAPITAL II CO., LTD.	1,000	22,137	-	-	-	-	(1,711)	1,000	10.00	20,426	-
SUN APPENNINO CORPORATION	-	19,338	-	-	-	-	(19,388)	-	26.09	-	-
FICUS CAPITAL CORPORATION	-	-	-	-	-	-	-	-	28.07	-	-
		<u>41,475</u>		<u>-</u>		<u>-</u>	<u>(21,049)</u>			<u>20,426</u>	
Total		<u>\$ 1,512,133</u>		<u>\$ -</u>		<u>\$ -</u>	<u>\$ 811,592</u>			<u>\$ 2,323,725</u>	

Note 1: The asset has been pledged as collaterals for long-term bank loans and financing facilities.

Note 2: For private-placement shares, they are restricted under Article 43-8 of the Security and Exchange Act with quoted market prices, but they cannot be traded during the lock-up period. Their fair values are determined using market relevance prices.

Note 3: The Corporation resigned as a director of Sunshine PV in May 31, 2019. It has no significant influence on the company. Therefore, it is reclassified to fair value through other comprehensive income-noncurrent assets. The Sunshine PV was dissolved in August 31, 2019.

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance, January 1, 2019		Additions		Reclassified		Deduction		Share of Profit or Loss of Subsidiaries Amount	Accumulated Deficits Adjustments From Disposal of Financial Instruments at Fair Value Through Other Comprehensive Income	Changes in Capital Surplus from Investments in Associates and Joint Ventures Accounted for Using the Changes in Capital Equity Method	Dividends Income from Subsidiary	Adjustments from Unrealized Gain (Loss)	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income Amount	Foreign Currency Translation Reserve Amount	Balance, December 31, 2019			Market Value or Net Assets Value Total Amount	Note	
	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount	Shares (In Thousands)	Amount								Shares (In Thousands)	Proportion of Ownership %	Fair value			
Investments in subsidiaries																					
GES UK	104,090	\$ 2,400,667	-	\$ -	-	\$ -	-	\$ -	\$ 49,380	\$ -	\$ -	\$ -	\$ (9,066)	\$ -	\$ 2,728	104,090	100	\$ 2,443,709	\$ 2,459,113	3	
UES	61,930	1,863,226	-	-	-	-	-	-	18,742	-	-	-	-	-	105,446	61,930	100	1,987,414	1,951,370	-	
NSP BVI	45,001	1,407,681	-	-	-	-	-	-	41,205	-	-	-	(1,792)	-	(35,669)	45,001	100	1,411,425	1,427,032	1	
DeSolar Cayman	145,126	1,775,871	10,000	309,150	-	-	-	-	(1,132,132)	-	-	-	-	-	(29,286)	155,126	100	923,603	936,423	-	
GES ME	4	358,774	-	-	-	-	-	-	148	-	-	-	7,817	-	(8,889)	4	100	357,850	357,850	-	
Yong Liang	24,900	244,633	-	-	-	-	-	-	7,625	-	-	(1,245)	(4,271)	-	-	24,900	100	246,742	252,792	3	
Apex	48,500	157,341	2,000	20,000	-	-	-	-	13,549	-	-	-	-	-	-	50,500	100	190,890	190,890	-	
NSP UK	3,580	143,188	-	-	-	-	-	-	38,317	-	-	-	-	-	1,414	3,580	100	182,919	182,919	-	
NSP System	14,420	141,419	-	-	-	-	-	-	14,378	-	-	(16,917)	1,997	-	-	14,420	100	140,877	202,265	-	
Prime Energy	9,000	80,222	-	-	-	-	-	-	2	(7,968)	-	-	-	7,736	-	9,000	100	79,992	79,992	-	
New Ray Investment	11,500	64,262	-	-	-	-	-	-	1,192	-	-	(3,910)	-	10,980	-	11,500	100	72,524	72,524	-	
Zhongyang	3,500	31,439	-	-	-	-	-	-	5,665	-	-	-	-	-	-	3,500	100	37,104	37,104	-	
Huiyang	3,100	30,295	-	-	-	-	-	-	(318)	-	-	-	-	-	-	3,100	100	29,977	29,977	-	
BPS	600	14,880	-	-	-	-	-	-	6,473	-	-	-	-	-	-	600	60	21,353	35,588	-	
DeSolar Singapore	1,250	18,692	-	-	-	-	-	-	(109)	-	-	-	-	-	(18)	1,250	100	18,565	18,565	-	
UREE	-	-	2,000	20,000	-	-	-	-	(5,511)	-	-	-	-	-	-	2,000	100	14,489	14,489	4	
SMC	1,000	9,658	-	-	-	-	-	-	186	-	-	-	-	-	-	1,000	100	9,844	9,844	-	
Yong Zhou	-	6,892	-	5,000	-	-	-	-	(6,063)	-	-	-	-	-	-	-	100	5,829	5,829	3	
Yong Shun	200	914	-	-	-	-	-	-	(115)	-	-	-	-	-	-	200	100	799	799	3	
JRC	1	(33,961)	-	-	-	-	-	-	(125)	-	-	-	34,571	-	(19)	1	1	466	798	3	
Dashiangying	-	-	10	100	-	-	-	-	(29)	-	-	-	-	-	-	10	100	71	71	4	
Shin Kai	-	-	10	100	-	-	-	-	(29)	-	-	-	-	-	-	10	100	71	71	4	
Shanshang	-	-	10	100	-	-	-	-	(29)	-	-	-	-	-	-	10	100	71	71	4	
Jiangung	-	-	10	100	-	-	-	-	(29)	-	-	-	-	-	-	10	100	71	71	4	
Dungshr	-	-	10	100	-	-	-	-	(29)	-	-	-	-	-	-	10	100	71	71	4	
Yanshan	-	-	10	100	-	-	-	-	(29)	-	-	-	-	-	-	10	100	71	71	4	
Ever Lite	-	2,787	-	-	-	-	-	-	3,960	-	-	(6,746)	-	-	-	-	100	1	1	3	
Solartech Japan	2	34,333	-	-	-	-	(2)	(8,117)	(25,587)	-	-	-	-	-	(629)	-	-	-	-	5	
Yong Yao	14,200	140,093	-	-	-	-	(14,200)	(137,610)	(2,483)	-	-	-	-	-	-	-	-	-	-	3 and 8	
Utech	63,675	(134,503)	27,995	279,945	-	-	(52,346)	-	(409,616)	-	(367)	-	-	-	-	39,324	99.49	(264,541)	50,706	9	
		<u>8,758,803</u>		<u>634,695</u>				<u>(145,727)</u>	<u>(1,381,411)</u>	<u>(7,968)</u>	<u>(367)</u>	<u>(28,818)</u>	<u>29,256</u>	<u>18,716</u>	<u>35,078</u>			<u>7,912,257</u>	<u>8,317,296</u>		
Investments in associates																					
Neo Cathay	60,000	606,932	-	-	-	-	-	-	17,241	-	-	(15,206)	-	-	-	60,000	40	608,967	608,967	-	
TSST	97,701	254,093	-	-	-	-	-	-	(166,356)	-	-	-	-	-	(1,099)	97,701	42.12	86,638	203,115	1	
V5 Technology	7,790	69,860	-	-	-	-	-	-	(3,091)	-	-	-	-	-	-	7,790	41.43	66,769	48,072	-	
DSET	1,050	7,533	-	-	-	-	-	-	(3,929)	-	-	-	-	-	-	1,050	35	3,604	3,604	-	
Gintung	13,460	44,424	-	-	-	-	-	-	(44,424)	-	-	-	-	-	-	13,460	36.38	-	(49,998)	-	
Sunshine PV	13,281	-	-	-	(13,281)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6	
Solar PV	30,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	30,500	19.92	-	-	7	
		<u>982,842</u>		<u>-</u>				<u>-</u>	<u>(200,559)</u>	<u>-</u>	<u>-</u>	<u>(15,206)</u>	<u>-</u>	<u>(1,099)</u>				<u>765,978</u>	<u>813,760</u>		
Total		9,741,645		\$ 634,695		\$ -		\$ (145,727)	\$ (1,581,970)	\$ (7,968)	\$ (367)	\$ (44,024)	\$ 29,256	\$ 18,716	\$ 33,979			8,678,235	\$ 9,131,056		
Credit balance of investments accounted for using the equity method		134,503		-		-		-	-	-	-	-	-	-	-			264,541	-		
Total		<u>\$ 9,876,148</u>		<u>-</u>		<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>			<u>\$ 8,942,776</u>	<u>-</u>		

Note 1: CFY and TSST, which were associates of NSP BVI, were recognized on the basis of unaudited financial statements as December 31, 2019.

Note 2: Except for the equity investment of Neo Cathay, the other investments accounted for using the equity method had not been pledged as collateral.

Note 3: 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 4: UREE was approved to be established in January 2019. In July, 2019, 100% subsidiary Dashiangying, Shanshang, Yanshan, Shinkai, Jiangung and Dungshr were newly established.

Note 5: This year decrease due to Solartech JP was disposed of in the second quarter of 2019.

Note 6: 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.

Note 7: The Corporation had recognized an impairment loss on equity investment in Solar PV, an associate; therefore, the Corporation did not recognize any share of profit or loss of the associate.

Note 8: This year decrease due to Yong Yao was disposed of in the fourth quarter of 2019.

Note 9: This year decrease due to shareholders meeting of Utech in April, 2019, decided to reduce capital to offset a deficit in May, 2019.

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENT OF CHANGES IN RIGHTS-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)

	Land	Buildings	Machinery and Equipment	Office Equipment	Total
Cost					
Balance at January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments arising from initial application of accounting standards	392,965	24,168	587	9,209	426,929
Additions	474	-	-	4,124	4,598
Deductions	<u>-</u>	<u>(13,431)</u>	<u>-</u>	<u>(1,583)</u>	<u>(15,014)</u>
Balance at December 31, 2019	<u>\$ 393,439</u>	<u>\$ 10,737</u>	<u>\$ 587</u>	<u>\$ 11,750</u>	<u>\$ 416,513</u>
Accumulated depreciation					
Balance at January 1, 2019	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	12,185	6,675	261	5,548	24,669
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at December 31, 2019	<u>\$ 12,185</u>	<u>\$ 6,675</u>	<u>\$ 261</u>	<u>\$ 5,548</u>	<u>\$ 24,669</u>
Carrying amount at December 31, 2019	<u>\$ 381,254</u>	<u>\$ 4,062</u>	<u>\$ 326</u>	<u>\$ 6,202</u>	<u>\$ 391,844</u>

UNITED RENEWABLE ENERGY CO., LTD.**STATEMENT OF SHORT-TERM BANK LOANS****DECEMBER 31, 2019****(In Thousands of New Taiwan Dollars)**

Type	Balance, End of Year	Contract Period	Collateral
Secured borrowings			
KGI Bank	\$ 244,459	November 28, 2019 to February 25, 2020	1
Working Capital loan			
CTBC Bank	817,959	October 17, 2019 to April 16, 2020	Nil
Taiwan Cooperative Bank	699,309	September 4, 2019 to October 16, 2020	Nil
TS Bank	300,000	October 16, 2019 to March 11, 2020	Nil
Taichung Bank	244,034	August 16, 2019 to March 4, 2020	Nil
Bank of Shanghai	181,438	October 28, 2019 to June 22, 2020	Nil
Chang Hwa Bank	100,000	December 25, 2019 to June 25, 2020	Nil
Land Bank of Taiwan	67,323	August 17, 2019 to February 3, 2020	Nil
Far Eastern Bank	<u>34,326</u>	August 27, 2019 to March 27, 2020	Nil
	<u>\$ 2,688,848</u>		

Note 1: The carrying amount of machinery and equipment has pledged as collateral.

Note 2: As of December 31, 2019, the interest rate on secured borrowings was 2.9548%. And the range of interest rate on working capital loan was 1.7300%-3.6050%.

Note 3: The unused amount of short-term bank loan facilities was \$2,700,284 thousand, as of December 31, 2019.

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENT OF NOTES AND ACCOUNTS PAYABLE

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Third parties	
Company DY	\$ 217,094
Company DZ	138,973
Others (Note)	<u>806,391</u>
	<u>1,162,458</u>
Related parties	
Company EA	275,811
Company DW	41,218
Others (Note)	<u>30,578</u>
	<u>355,607</u>
 Total	 <u>\$ 1,518,065</u>

Note: The amount for each individual vendor in others does not exceed 10% of the account balance.

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENT OF PAYABLES TO CONTRACTORS AND EQUIPMENT SUPPLIERS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Vendor Name	Amount
Company EY	\$ 10,086
Company EW	4,950
Company EF	4,034
Company EX	3,540
Others (Note)	<u>11,947</u>
Total	<u>\$ 34,557</u>

Note: The amount for each individual vendor included in others does not exceed 10% of the account balance.

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENT OF LONG-TERM BANK LOANS

DECEMBER 31, 2019

(In Thousands of New Taiwan Dollars)

Lender	Type	Balance, End of Year	Period	Collateral
Bank loans				
10.13 billion syndicated loan from First Bank	Machinery and equipment	\$ 9,803,460	February 25, 2019 to February 25, 2022	The Corporation had its land, plant and equipment pledged as collateral
KGI Bank loan	Working capital expansion	250,000	December 27, 2018 to September 17, 2021	The Corporation had its land and plant pledged as collateral
King's Town Bank	Working capital expansion	904,916	May 10, 2017 to May 10, 2021	Nil
0.5 billion syndicated loan from First Bank	Working capital expansion	225,000	September 9, 2016 to September 9, 2021	Nil
Other borrowings				
EQUVO Pte., Ltd.	Machinery and equipment financing	488,134	September 26, 2018 to September 26, 2022	The Corporation had its equipment, associate accounted for using the equity method and refundable deposits pledged as collateral
Taichung Bank Leasing & Finance Co., Ltd.	Inventory financing	21,416	May 25, 2018 to May 25, 2020	Nil
Hotai Finance Corporation	Inventory financing	31,160	April 26, 2019 to April 26, 2020	Nil
Shinshin Credit Corporation	Inventory financing	37,895	March 28, 2019 to March 28, 2021	Nil
Sino Pac Leasing Corporation	Inventory financing	78,420	August 28, 2019 to February 28, 2021	Nil
IBT Leasing Corporation Limited	Credit loan	15,089	June 29, 2018 to June 29, 2020	The Corporation had its refundable deposits pledged as collateral
		11,855,436		
Current portion		2,412,274		
		<u>\$ 9,443,162</u>		

Note 1: The range of interest rates on bank loans was 1.48956%-4.0535% and on other borrowings was 2.8100%-6.9239% as of December 31, 2019.

Note 2: The unused amounts of long-term bank loan facilities were \$506,040 thousand as of December 31, 2019.

UNITED RENEWABLE ENERGY CO., LTD.**STATEMENT OF NET SALES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)**

Item	Shipments (Pieces)	Amount
Solar cells and modules	163,323 thousand	\$ 13,539,344
Others		<u>1,563,909</u>
		15,103,253
Sales returns and allowances		<u>191,487</u>
Net sales		<u>\$ 14,911,766</u>

Note: Other sales are from construction, sale of power facilities and service revenue.

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

**STATEMENT OF COST OF SALES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)**

Item	Amount
Raw materials used	
Balance, beginning of year	\$ 6,294,789
Raw materials purchased	521,647
Transferred to manufacturing or operating expenses	(523,818)
Disposal of raw material	(1,138)
Raw materials, end of year	<u>(463,792)</u>
Subtotal	5,827,688
Direct labor	808,141
Manufacturing expenses	<u>2,944,802</u>
Manufacturing cost	9,580,631
Work in process, beginning of year (including construction in progress)	155,552
Work in process purchased	335,332
Transferred to manufacturing or operating expenses	(3,342)
Work in process sold	(4,760)
Raw materials purchased of construction in progress	24,890
Work in process (including construction in progress), end of year	<u>(94,174)</u>
Cost of finished goods	9,994,129
Finished goods, beginning of year	1,143,102
Finished goods purchased	4,249,469
Transferred to manufacturing or operating expenses	(22,873)
Disposal of finished goods	(1,280)
Finished goods, end of year	<u>(1,648,727)</u>
Subtotal	13,713,820
Unallocated fixed manufacturing overhead	1,449,998
Cost from sale of work in process	4,760
Cost from sale of power facilities maintenance	24,668
Cost from sale of power facilities	10,181
Others	<u>484,013</u>
 Total	 <u>\$ 15,687,440</u>

UNITED RENEWABLE ENERGY CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars)**

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses
Transportation and miscellaneous expenses	\$ 590,161	\$ 5,886	\$ 2,368
Payroll and related expenses	76,843	295,184	52,430
Depreciation	5,724	174,201	45,537
Others (Note)	<u>92,622</u>	<u>403,251</u>	<u>61,497</u>
Total	<u>\$ 765,350</u>	<u>\$ 878,522</u>	<u>\$ 161,832</u>

Note: The amount for each item in others does not exceed 10% of the account balance.

UNITED RENEWABLE ENERGY CO., LTD.

STATEMENT OF LABOR, DEPRECIATION AND AMORTIZATION BY FUNCTION FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019			2018		
	Classified as Cost of Sales	Classified as Operating Expenses	Total	Classified as Cost of Sales	Classified as Operating Expenses	Total
Labor cost						
Salary and bonus	\$ 1,165,132	\$ 416,177	\$ 1,581,309	\$ 1,014,605	\$ 364,925	\$ 1,379,530
Labor and health insurance	118,077	36,517	154,594	96,752	28,678	125,430
Pension	50,506	21,081	71,587	44,297	17,644	61,941
Remuneration of directors	-	8,280	8,280	-	9,057	9,057
Others	<u>100,084</u>	<u>33,264</u>	<u>133,348</u>	<u>57,731</u>	<u>27,856</u>	<u>85,587</u>
	<u>\$ 1,433,799</u>	<u>\$ 515,319</u>	<u>\$ 1,949,118</u>	<u>\$ 1,213,385</u>	<u>\$ 448,160</u>	<u>\$ 1,661,545</u>
Depreciation	<u>\$ 1,991,830</u>	<u>\$ 225,462</u>	<u>\$ 2,217,292</u>	<u>\$ 1,505,413</u>	<u>\$ 74,864</u>	<u>\$ 1,580,277</u>
Amortization	<u>\$ 124</u>	<u>\$ 3,740</u>	<u>\$ 3,864</u>	<u>\$ 84</u>	<u>\$ 1,108</u>	<u>\$ 1,192</u>

Note 1: As of December 31, 2019 and 2018, the Corporation had 2,317 and 1,977 employees, respectively. And there were 7 and 7 non-employee directors, respectively.

Note 2: Companies whose stocks are listed on the stock exchange or traded at the stock counter trading center should disclose the following information:

- (1) Average salary and bonus for the year ended December 31, 2019 and 2018 were NT\$840 thousand and NT\$839 thousand, respectively.
- (2) Average labor cost for the year ended December 31, 2019 and 2018 were NT\$685 thousand and NT\$700 thousand, respectively.
- (3) The average labor cost decreased by 2.14% year over year.