

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

**Consolidated Financial Statements for the
Three Months Ended March 31, 2020 and 2019 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of United Renewable Energy Co., Ltd. (the "Corporation") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2020 and 2019, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and the related notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Basis for Qualified Conclusion

As disclosed in Note 13 to the consolidated financial statements, the financial statements of some non-significant subsidiaries included in the consolidated financial statements referred to in the first paragraph were not reviewed. As of March 31, 2020 and 2019, the combined total assets of these non-significant subsidiaries were NT\$3,549,077 thousand and NT\$7,373,060 thousand, respectively, representing 8.15% and 12.82%, respectively, of the consolidated total assets, and the combined total liabilities of these subsidiaries were NT\$4,199,133 thousand and NT\$9,751,846 thousand, respectively, representing 17.71% and 30.03%, respectively, of the consolidated total liabilities; for the three-month periods ended March 31, 2020 and 2019, the amounts of combined comprehensive gain and loss of these subsidiaries were NT\$553,834 thousand and NT\$37,393 thousand, respectively, representing 33.18% and 9.28%, respectively, of the consolidated total comprehensive income. As disclosed in Note 14 to the consolidated financial statements, investments accounted for using the equity method were NT\$744,113 thousand and NT\$2,371,571 thousand as of March 31, 2020 and 2019, respectively, and the share of loss of associates and joint ventures were NT\$2,279 thousand and NT\$5,062 thousand for the three-month periods ended

March 31, 2020 and 2019, respectively, were calculated based on the financial statements that have not been reviewed.

Qualified Conclusion

Based on our reviews, except for the adjustments, if any, as might have been determined to be necessary had the financial statements of some non-significant subsidiaries and investments accounted for using the equity method as described in the preceding paragraph been reviewed, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not give a true and fair view of the consolidated financial position of the Group as of March 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the three-month periods ended March 31, 2020 and 2019 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2020

Notice to Readers

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

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

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2020		December 31, 2019		March 31, 2019		LIABILITIES AND EQUITY	March 31, 2020		December 31, 2019		March 31, 2019	
	Reviewed		Audited		Reviewed			Reviewed		Audited		Reviewed	
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%
CURRENT ASSETS							CURRENT LIABILITIES						
Cash and cash equivalents (Notes 6 and 34)	\$ 4,904,137	11	\$ 6,371,316	14	\$ 6,758,004	12	Short-term bank loans (Notes 20, 34 and 36)	\$ 2,657,882	6	\$ 2,988,798	7	\$ 5,555,931	10
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 34)	4,935	-	2,392	-	-	-	Short-term bills payable (Notes 20 and 34)	414,976	1	415,458	1	344,741	1
Financial assets at fair value through other comprehensive income - current (Notes 8 and 34)	87,988	-	114,414	-	144,144	-	Financial liabilities at fair value through profit or loss - current (Notes 7 and 34)	2,818	-	755	-	-	-
Contract assets - current (Notes 26 and 35)	259,113	1	483,247	1	163,272	-	Contract liabilities - current (Notes 26 and 35)	797,399	2	323,832	1	473,762	1
Notes and accounts receivable, net (Notes 10, 26 and 34)	1,984,724	5	2,060,117	4	2,726,500	5	Notes and accounts payable (Note 34)	1,565,039	4	1,499,112	3	3,157,791	5
Accounts receivable from related parties (Notes 10, 26, 34 and 35)	488,103	1	515,469	1	535,736	1	Accounts payable to related parties (Notes 34 and 35)	12,877	-	6,652	-	751	-
Finance lease receivables (Notes 11, 34 and 36)	561	-	438	-	503	-	Bonuses payable to employees and directors (Note 27)	-	-	-	-	2,649	-
Other receivables (Notes 10 and 34)	136,312	-	153,196	-	177,431	-	Payables to contractors and equipment suppliers (Notes 34 and 35)	67,826	-	78,098	-	162,506	-
Other receivables from related parties (Notes 10, 34 and 35)	1,355,556	3	656,913	1	963,857	2	Accrued expenses (Notes 22, 34 and 35)	1,122,638	2	1,313,742	3	1,865,215	3
Current tax assets	22,155	-	27,850	-	72,552	-	Current tax liabilities	19,486	-	16,958	-	2,638	-
Inventories (Notes 12 and 36)	4,683,202	11	4,944,580	11	4,820,544	8	Lease liabilities - current (Notes 3 and 16)	38,355	-	65,778	-	20,126	-
Prepayments (Notes 18, 19, 35 and 37)	864,194	2	752,686	2	943,994	2	Receipts in advance	2,330	-	2,327	-	135	-
Other current assets (Notes 19, 34 and 36)	<u>1,723,435</u>	<u>4</u>	<u>1,419,710</u>	<u>3</u>	<u>5,427,568</u>	<u>10</u>	Current portion of long-term bank loans, preference share liabilities and bonds payable (Notes 20, 34 and 36)	5,717,161	13	5,737,284	12	8,197,283	14
Total current assets	<u>16,514,415</u>	<u>38</u>	<u>17,502,328</u>	<u>37</u>	<u>22,734,105</u>	<u>40</u>	Other current liabilities (Note 22)	<u>67,642</u>	<u>-</u>	<u>69,372</u>	<u>-</u>	<u>95,324</u>	<u>-</u>
							Total current liabilities	<u>12,486,429</u>	<u>28</u>	<u>12,518,166</u>	<u>27</u>	<u>19,878,852</u>	<u>34</u>
NON-CURRENT ASSETS							NON-CURRENT LIABILITIES						
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 34)	230,791	1	268,379	1	243,853	-	Financial liabilities at fair value through profit or loss - non-current (Note 7)	135,640	-	143,814	-	192,576	-
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 34)	1,903,819	4	2,411,482	5	1,722,205	3	Long-term bank loans (Notes 20, 34 and 36)	9,764,826	23	11,776,935	25	11,149,398	20
Financial assets at amortized cost - non-current (Notes 4, 9 and 34)	151,150	-	149,975	-	154,125	-	Provisions - non-current (Note 23)	180,996	1	176,069	1	141,167	-
Investments accounted for using the equity method (Note 14)	744,113	2	2,130,415	5	2,371,571	4	Deferred tax liabilities	47,107	-	47,732	-	75,444	-
Property, plant and equipment (Notes 15 and 36)	18,451,138	42	19,064,958	40	23,944,483	42	Lease liabilities - non-current (Notes 3 and 16)	969,875	2	952,521	2	896,017	2
Right-of-use assets (Notes 3 and 16)	961,975	2	981,114	2	908,148	1	Preference share liabilities (Notes 20, 34 and 36)	24,949	-	28,178	-	40,694	-
Intangible assets (Note 17)	113,652	-	115,357	-	197,847	-	Guarantee deposits	48,514	-	44,260	-	39,372	-
Deferred tax assets	1,056,736	3	1,056,550	2	1,082,121	2	Other non-current liabilities (Note 22)	<u>54,475</u>	<u>-</u>	<u>54,574</u>	<u>-</u>	<u>57,692</u>	<u>-</u>
Finance lease receivables - non-current (Notes 11, 34 and 36)	34,733	-	34,702	-	36,105	-	Total non-current liabilities	<u>11,226,382</u>	<u>26</u>	<u>13,224,083</u>	<u>28</u>	<u>12,592,360</u>	<u>22</u>
Prepayments - non-current (Notes 19 and 37)	2,186,107	5	2,184,811	5	2,743,302	5	Total liabilities	<u>23,712,811</u>	<u>54</u>	<u>25,742,249</u>	<u>55</u>	<u>32,471,212</u>	<u>56</u>
Refundable deposits (Notes 34 and 36)	877,834	2	911,486	2	1,000,758	2							
Other receivables from related parties - non-current (Notes 10, 34 and 35)	23,221	-	23,041	-	35,391	-	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 25, 27, 30 and 31)						
Other non-current assets (Notes 19 and 36)	<u>281,455</u>	<u>1</u>	<u>391,886</u>	<u>1</u>	<u>358,849</u>	<u>1</u>	Ordinary shares	26,651,126	61	26,653,375	57	25,153,495	44
Total non-current assets	<u>27,016,724</u>	<u>62</u>	<u>29,724,156</u>	<u>63</u>	<u>34,798,758</u>	<u>60</u>	Capital surplus	119,289	-	118,989	-	1,011,125	2
							Accumulated deficit	(6,700,589)	(15)	(6,000,644)	(13)	(1,344,843)	(3)
							Other equity	(987,177)	(2)	(31,028)	-	(582,052)	(1)
							Treasury shares	<u>(18,699)</u>	<u>-</u>	<u>(18,699)</u>	<u>-</u>	<u>(18,699)</u>	<u>-</u>
							Total equity attributable to shareholders of the parent	19,063,950	44	20,721,993	44	24,219,026	42
							NON-CONTROLLING INTERESTS (Note 31)	<u>754,378</u>	<u>2</u>	<u>762,242</u>	<u>1</u>	<u>842,625</u>	<u>2</u>
							Total equity	<u>19,818,328</u>	<u>46</u>	<u>21,484,235</u>	<u>45</u>	<u>25,061,651</u>	<u>44</u>
TOTAL	<u>\$ 43,531,139</u>	<u>100</u>	<u>\$ 47,226,484</u>	<u>100</u>	<u>\$ 57,532,863</u>	<u>100</u>	TOTAL	<u>\$ 43,531,139</u>	<u>100</u>	<u>\$ 47,226,484</u>	<u>100</u>	<u>\$ 57,532,863</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 11, 2020)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
NET SALES (Notes 4, 26, 35 and 36)	\$ 2,986,853	100	\$ 4,301,094	100
COST OF SALES (Notes 12, 27, 35 and 36)	<u>3,267,697</u>	<u>109</u>	<u>4,394,568</u>	<u>103</u>
GROSS LOSS	(280,844)	(9)	(93,474)	(3)
UNREALIZED GAIN FROM SALES	<u>-</u>	<u>-</u>	<u>(6,307)</u>	<u>-</u>
REALIZED GROSS LOSS	<u>(280,844)</u>	<u>(9)</u>	<u>(99,781)</u>	<u>(3)</u>
OPERATING EXPENSES (Notes 27 and 35)				
Selling	142,159	5	224,983	5
General and administrative	272,247	9	294,933	7
Research and development	45,484	2	38,325	1
Expected credit loss on trade receivables	<u>3,572</u>	<u>-</u>	<u>13,157</u>	<u>-</u>
Total operating expenses	<u>463,462</u>	<u>16</u>	<u>571,398</u>	<u>13</u>
OTHER INCOME AND EXPENSES (Notes 15 and 27)	<u>(983)</u>	<u>-</u>	<u>(7,339)</u>	<u>-</u>
LOSS FROM OPERATIONS	<u>(745,289)</u>	<u>(25)</u>	<u>(678,518)</u>	<u>(16)</u>
NON-OPERATING INCOME AND EXPENSES				
Gain on disposal of investments (Notes 14 and 35)	217,826	7	212,773	5
Other income (Notes 27 and 35)	16,294	1	30,860	1
Interest income (Notes 27 and 35)	4,384	-	6,847	-
Expected credit loss on trade receivables (Note 10)	-	-	(8,144)	-
Other gains and losses	(10)	-	(6,689)	-
Share of loss of associates and joint ventures (Notes 4 and 14)	(2,279)	-	(5,062)	-
Foreign exchange (loss) gain, net (Note 38)	(18,074)	(1)	18,311	-
Gain (loss) on financial instruments at fair value through profit or loss (Notes 4 and 7)	7,184	-	(205)	-
Finance costs (Notes 20 and 27)	<u>(186,269)</u>	<u>(6)</u>	<u>(220,028)</u>	<u>(5)</u>
Total non-operating income and expenses	<u>39,056</u>	<u>1</u>	<u>28,663</u>	<u>1</u>
LOSS BEFORE INCOME TAX	(706,233)	(24)	(649,855)	(15)
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(7,155)</u>	<u>-</u>	<u>(39,834)</u>	<u>(1)</u>
NET LOSS FOR THE PERIOD	<u>(713,388)</u>	<u>(24)</u>	<u>(689,689)</u>	<u>(16)</u>

(Continued)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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

	For the Three Months Ended March 31			
	2020		2019	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME (Note 27)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized (loss) gain on investments in equity instruments at fair value through other comprehensive income	\$ (534,090)	(18)	\$ 143,874	4
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	<u>(421,916)</u>	<u>(14)</u>	<u>142,935</u>	<u>3</u>
Total other comprehensive (loss) income	<u>(956,006)</u>	<u>(32)</u>	<u>286,809</u>	<u>7</u>
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	<u>\$ (1,669,394)</u>	<u>(56)</u>	<u>\$ (402,880)</u>	<u>(9)</u>
NET LOSS ATTRIBUTABLE TO				
Shareholders of the parent	\$ (699,945)	(23)	\$ (661,163)	(15)
Non-controlling interests	<u>(13,443)</u>	<u>(1)</u>	<u>(28,526)</u>	<u>(1)</u>
	<u>\$ (713,388)</u>	<u>(24)</u>	<u>\$ (689,689)</u>	<u>(16)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO				
Shareholders of the parent	\$ (1,661,500)	(56)	\$ (381,679)	(9)
Non-controlling interests	<u>(7,894)</u>	<u>-</u>	<u>(21,201)</u>	<u>-</u>
	<u>\$ (1,669,394)</u>	<u>(56)</u>	<u>\$ (402,880)</u>	<u>(9)</u>
LOSS PER SHARE (Note 29)				
Basic loss per share	<u>\$ (0.26)</u>		<u>\$ (0.26)</u>	
Diluted loss per share	<u>\$ (0.26)</u>		<u>\$ (0.26)</u>	

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

(With Deloitte & Touche review report dated May 11, 2020)

(Concluded)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Shareholders of the Parent												Non-controlling Interests	Total Equity
	Ordinary Shares		Share Premium	Capital Surplus		Accumulated Deficits	Other Equity			Treasury Shares	Total			
	Shares (In Thousands)	Ordinary Shares		Changes in Capital Surplus from Investments in Associates and Joint Ventures Accounted for Using the Equity Method	Restricted Shares for Employees		Foreign Currency Translation Reserve	Unrealized (Loss) Gain on Financial Assets at FVTOCI	Unearned Employees Benefits					
BALANCE AT JANUARY 1, 2019	2,515,759	\$ 25,157,599	\$ 963,007	\$ 42,000	\$ 6,016	\$ (675,712)	\$ (330,085)	\$ (527,897)	\$ (16,586)	\$ (18,699)	\$ 24,599,643	\$ 863,826	\$ 25,463,469	
Cancellation of restricted shares for employees	(411)	(4,104)	-	-	102	-	-	-	3,247	-	(755)	-	(755)	
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	1,817	-	1,817	-	1,817	
Disposal of financial instruments at fair value through other comprehensive income	-	-	-	-	-	(7,968)	-	7,968	-	-	-	-	-	
Net loss for the three months ended March 31, 2019	-	-	-	-	-	(661,163)	-	-	-	-	(661,163)	(28,526)	(689,689)	
Other comprehensive income for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	-	135,610	143,874	-	-	279,484	7,325	286,809	
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	-	(661,163)	135,610	143,874	-	-	(381,679)	(21,201)	(402,880)	
BALANCE AT MARCH 31, 2019	2,515,348	\$ 25,153,495	\$ 963,007	\$ 42,000	\$ 6,118	\$ (1,344,843)	\$ (194,475)	\$ (376,055)	\$ (11,522)	\$ (18,699)	\$ 24,219,026	\$ 842,625	\$ 25,061,651	
BALANCE AT JANUARY 1, 2020	2,665,338	\$ 26,653,375	\$ 123,629	\$ -	\$ (4,640)	\$ (6,000,644)	\$ (296,106)	\$ 283,492	\$ (18,414)	\$ (18,699)	\$ 20,721,993	\$ 762,242	\$ 21,484,235	
Cancellation of restricted shares for employees	(225)	(2,249)	-	-	300	-	-	-	1,181	-	(768)	-	(768)	
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	4,225	-	4,225	-	4,225	
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	30	30	
Net loss for the three months ended March 31, 2020	-	-	-	-	-	(699,945)	-	-	-	-	(699,945)	(13,443)	(713,388)	
Other comprehensive income (loss) for the three months ended March 31, 2020, net of income tax	-	-	-	-	-	-	(427,465)	(534,090)	-	-	(961,555)	5,549	(956,006)	
Total comprehensive loss for the three months ended March 31, 2020	-	-	-	-	-	(699,945)	(427,465)	(534,090)	-	-	(1,661,500)	(7,894)	(1,669,394)	
BALANCE AT MARCH 31, 2020	2,665,113	\$ 26,651,126	\$ 123,629	\$ -	\$ (4,340)	\$ (6,700,589)	\$ (723,571)	\$ (250,598)	\$ (13,008)	\$ (18,699)	\$ 19,063,950	\$ 754,378	\$ 19,818,328	

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

(With Deloitte & Touche review report dated May 11, 2020)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (706,233)	\$ (649,855)
Adjustments for:		
Depreciation	576,005	990,236
Amortization	2,392	5,722
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(5,860)	63
Gain on disposal of investments	(217,826)	(212,773)
Expected credit loss on trade receivables	3,572	21,301
Write-down (reversal) of inventories	73,291	(181,505)
Reversal loss on purchase contracts	-	(14,129)
Share of loss of associates and joint ventures	2,279	5,062
Loss on disposal of property, plant and equipment	2,205	7,339
Reclassified from property, plant and equipment to expenses	490	2,046
Unrealized gain from associates	-	6,307
Compensation cost of restricted shares for employees	3,805	1,817
Interest income	(4,993)	(7,442)
Finance costs	186,269	220,028
Gain on modification of leases	(2)	-
Net (gain) loss on foreign exchange	(195,594)	138,177
	<u>426,033</u>	<u>982,249</u>
Changes in operating assets and liabilities:		
Contract assets - current	224,134	(66,655)
Notes and accounts receivable	88,244	(141,987)
Accounts receivable from related parties	18,145	(6,502)
Other receivables	15,947	57,516
Other receivables from related parties	(6,284)	103,716
Inventories	181,269	(1,249,952)
Prepayments (including non-current)	(108,279)	(266,655)
Other current assets	109,358	(67,496)
Contract liabilities - current	473,567	128,510
Notes and accounts payable	57,577	1,104,011
Accounts payable to related parties	6,176	310
Accrued expenses	(194,893)	(230,105)
Deferred revenue	(774)	19,994
Receipts in advance	3	(343)
Other current liabilities	(1,474)	(36,326)
Provisions	4,969	(164,063)
Income taxes paid	<u>(6)</u>	<u>(36,083)</u>
Net cash generated from (used in) operating activities	<u>587,479</u>	<u>(519,716)</u>

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UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of financial assets at fair value through other comprehensive income	\$ -	\$ 6,757
Net cash inflow on disposal of associates	960,406	-
Net cash inflow on disposal of subsidiaries	-	747,551
Acquisition of property, plant and equipment	(96,066)	(983,144)
Proceeds from disposal of property, plant and equipment	25,295	74,767
Increase in other receivables from related parties	-	(23,710)
Increase in restricted assets	(298,237)	(178,502)
Increase in pledged time deposits	(2,594)	(335,957)
Decrease in finance lease receivables	121	109
Interest received	3,128	14,787
Decrease in refundable deposits	33,652	4,189
Decrease in other non-current assets	-	(21,108)
	<u>625,705</u>	<u>(694,261)</u>
Net cash generated from (used in) investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	1,945,650	2,456,096
Decrease in short-term bank loans	(2,308,465)	(3,774,603)
(Decrease) increase in short-term bills payable	(900)	68,062
Proceeds from long-term bank loans	55,081	7,720,947
Repayments of long-term bank loans	(2,203,164)	(7,849,253)
Repayments of the principal portion of lease liabilities	(12,273)	(13,104)
Repayments of preference share liabilities	(4,489)	-
Increase in guarantee deposits	3,975	473
Interest paid	(164,315)	(196,608)
Increase in non-controlling interests	30	-
	<u>(2,688,870)</u>	<u>(1,587,990)</u>
Net cash used in financing activities		
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>8,507</u>	<u>4,126</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,467,179)	(2,797,841)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	<u>6,371,316</u>	<u>9,555,845</u>
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	<u>\$ 4,904,137</u>	<u>\$ 6,758,004</u>

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

(With Deloitte & Touche review report dated May 11, 2020)

(Concluded)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

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 and related systems, solar cell modules and wafers. The Corporation’s main business activities include researching, developing, designing, manufacturing and selling solar cells as well as participating in other solar-related businesses. Its ordinary shares have been listed on the Taiwan Stock Exchange (TWSE) since January 2009. On October 1, 2018, the Corporation merged the former Gintech Energy Corporation (“Gintech Energy”) and Solartech Energy Corporation (“Solartech Energy”) with the Corporation as the surviving company. On March 31, 2019, the Corporation merged the former General Energy Solutions Inc. (GES) with the Corporation as the surviving company. For the main business activities of the Corporation and its subsidiaries (collectively referred to as the “Group”), refer to Notes 13 and 39.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation’s board of directors on May 11, 2020.

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

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

Whenever applied, the initial application of the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Corporation’s accounting policies.

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

c. Basis of consolidation

See Note 13 and Table 7 for the detailed information of subsidiaries (including the percentage of ownership and the main businesses of the subsidiaries).

d. Other significant accounting policy

Except for the following, refer to summary of significant accounting policy in the consolidated financial statements of 2019.

1) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH AND CASH EQUIVALENTS

	March 31, 2020	December 31, 2019	March 31, 2019
Demand deposits	\$ 4,867,363	\$ 6,333,268	\$ 6,620,886
Checking accounts	32,847	34,543	106,689
Cash on hand	827	905	907

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
Cash equivalents			
Time deposits	\$ 3,100	\$ 2,600	\$ 5,485
Repurchase agreements collateralized by bonds	<u>-</u>	<u>-</u>	<u>24,037</u>
	<u>\$ 4,904,137</u>	<u>\$ 6,371,316</u>	<u>\$ 6,758,004</u> (Concluded)

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

	March 31, 2020	December 31, 2019	March 31, 2019
Bank deposits	0%-1.05%	0%-1.07%	0%-2.05%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	March 31, 2020	December 31, 2019	March 31, 2019
<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>\$ 4,935</u>	<u>\$ 2,392</u>	<u>\$ -</u>
<u>Financial assets at FVTPL - non-current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial assets (not under hedge accounting)			
Long call options (d)	\$ 230,791	\$ 232,865	\$ 243,853
Put options (c)	<u>-</u>	<u>35,514</u>	<u>-</u>
	<u>\$ 230,791</u>	<u>\$ 268,379</u>	<u>\$ 243,853</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>\$ 2,818</u>	<u>\$ 755</u>	<u>\$ -</u>
<u>Financial liabilities at FVTPL - non-current</u>			
Financial liabilities held for trading			
Derivative financial liabilities (not under hedge accounting)			
Short call options (e)	<u>\$ 135,640</u>	<u>\$ 143,814</u>	<u>\$ 192,576</u>

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

	Coupon Exchange Rate	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2020</u>			
Swap	EUR:USD 1.0785	August 20, 2020	EUR 5,000/USD 5,393
Swap	USD:NTD 30.0880	June 22, 2020	USD 16,000/NTD 481,408
Swap	USD:NTD 30.1260	June 29, 2020	USD 7,000/NTD 210,882
<u>December 31, 2019</u>			
Swap	USD:NTD 30.0715	January 21, 2020	USD 10,000/NTD 300,715
Swap	USD:NTD 30.0715	January 21, 2020	USD 12,000/NTD 360,858

The Group entered into derivative transactions during the three months ended March 31, 2020 to manage exposures of assets and liabilities denominated in foreign currency related to exchange rate changes.

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>March 31, 2020</u>			
Sell	Sell EUR/Buy USD	August 21, 2020	EUR 5,000/USD 5,448
Sell	Sell EUR/Buy USD	August 28, 2020	EUR 2,000/USD 2,196
<u>December 31, 2019</u>			
Sell	Sell EUR/Buy USD	January 17, 2020	EUR 3,000/USD 3,339

The Group entered into derivative transactions during the three months ended March 31, 2020 to manage exposures of assets and liabilities denominated in foreign currency related to exchange rate changes.

- c. Put options

The Group entered into equity purchase agreements with Clean Focus Yield Limited (“CFY”) with the right of redemption, in which the Group may require CFY to redeem all of its shares with certain conditions. The Group exercised the put options and sold the CFY shares on January 8, 2020. For this transaction, the Group recognized gain on disposal of investments which amounted to \$217,826 thousand for the three months ended March 31, 2020. The above information is shown in Table 4.

- d. Long call options

As stated in Note 20 (d), GES MEGASIXTEEN, LLC (“MEGASIXTEEN”) was set up for the purpose of tax deductions, and MEGASIXTEEN expects to have a higher of fair value or 5.5% return of the investment from MPC AC 2017 Energy Fund, LLC (“MPC”) from the flip date (December 2022). The agreement is subject to non-controlling equity interests should MPC purchase the rights to buy back all of the Class A shares issued by GES AC SOLAR 2017, LLC (“GES AC”).

As stated in Note 20 (d), TEV Solar Alpha 18 (“TEV Solar”) was set up for the purpose of tax deductions, and TEV Solar expects the return on the investment in Advantage Capital Solar Partners II, LLC (“ACS”) to be at the higher of fair value or 7% of the capital injection of ACS, starting from the flip date (June 2024). The agreement is subject to stipulations on non-controlling equity interests should ACS purchase the rights to buy back all of the Class A shares issued by AC GES Solar 2018 LLC (“AC GES Solar”)

e. Short call options

As stated in Note 20 (c), MEGASIXTEEN's borrower, Indiana Municipal Power Agency (“IMPA”), has agreed that it will execute the right to buy back all of the equity (Class A and B shares) of GES AC from the flip date.

As stated in Note 20 (c), TEV II's borrower, IMPA, has agreed that it will execute the right to buy back all of the equity (Class A and B shares) of AC GES Solar from the flip date.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Current</u>			
Domestic investments			
Domestic quoted shares			
CTCI Corporation (“CTCI”)	\$ <u>87,988</u>	\$ <u>114,414</u>	\$ <u>144,144</u>
<u>Non-current</u>			
Domestic investments			
Domestic quoted shares			
Sino-American Silicon Products Inc. (“SAS”)	\$ 1,709,482	\$ 2,172,922	\$ 1,473,389
ThinTech Materials Technology Co., Ltd. (“TTMC”)	100,730	141,539	113,680
Unlisted ordinary shares			
EXOJET Technology Corporation (“EXOJET”)	25,482	28,896	45,962
Top Green Energy Technologies Inc. (“TGET”)	27,098	27,098	27,098
Taiwan Special Chemicals Corporation (“TSCC”)	18,601	18,601	18,601
NTNU Innovation Investment Holding Company (“NTNU”)	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	<u>1,883,393</u>	<u>2,391,056</u>	<u>1,680,730</u>
Overseas investments			
Unlisted ordinary shares			
ASIA GLOBAL VENTURE CAPITAL II CO., LTD.	20,426	20,426	22,137
SUN APPENNINO CORPORATION	-	-	19,338
FICUS CAPITAL CORPORATION	<u>-</u>	<u>-</u>	<u>-</u>
	<u>20,426</u>	<u>20,426</u>	<u>41,475</u>
	<u>\$ 1,903,819</u>	<u>\$ 2,411,482</u>	<u>\$ 1,722,205</u>

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

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

The amount of investment in equity instruments at FVTOCI pledged by the Group to secure borrowings refers to Note 36.

9. FINANCIAL ASSETS AT AMORTIZED COST

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Overseas investment			
Puttable preference shares (C-Shares III) - Phanes Holding Inc. (Phanes Holding)	\$ 151,150	\$ 149,975	\$ 154,125
Less: Allowance for impairment loss	<u> -</u>	<u> -</u>	<u> -</u>
	<u>\$ 151,150</u>	<u>\$ 149,975</u>	<u>\$ 154,125</u>

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

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

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

For the three months ended March 31, 2020 and 2019, the interest income of puttable preference shares amounted to \$2,802 thousand and \$2,825 thousand. The related interest receivable, classified as other receivables from related parties, amounted to \$23,799 thousand, \$20,997 thousand and \$13,412 thousand as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

As of March 31, 2020, financial assets at amortized cost had not been pledged as security.

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

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

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

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

10. NOTES AND ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Notes and accounts receivable</u>			
Notes and accounts receivable	\$ 2,569,706	\$ 2,653,904	\$ 3,342,226
Accounts receivable from related parties	506,626	523,933	561,291
Less: Allowance for impairment loss	<u>(603,505)</u>	<u>(602,251)</u>	<u>(641,281)</u>
	<u>\$ 2,472,827</u>	<u>\$ 2,575,586</u>	<u>\$ 3,262,236</u>
<u>Other receivables</u>			
Other receivables from related parties	\$ 1,390,264	\$ 691,352	\$ 1,015,793
Others	140,922	157,805	177,430
Less: Allowance for impairment loss	<u>(16,097)</u>	<u>(16,007)</u>	<u>(16,544)</u>
	<u>\$ 1,515,089</u>	<u>\$ 833,150</u>	<u>\$ 1,176,679</u>

a. Notes and accounts receivable

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

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

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

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

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

March 31, 2020

	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%-0.09%	0%-0.49%	0%-1.52%	0%-2.83%	0%-7.91%	0%-17.05%	0%-54.55%	0%-100%	100%	
Gross carrying amount	\$ 1,553,493	\$ 106,353	\$ 172,377	\$ 25,083	\$ 33,046	\$ 81,286	\$ 50,898	\$ 478,053	\$ 575,743	\$ 3,076,332
Loss allowance (Lifetime ECL)	(473)	(74)	(631)	(164)	(1,996)	(7,403)	(10,850)	(6,171)	(575,743)	(603,505)
Amortized cost	<u>\$ 1,553,020</u>	<u>\$ 106,279</u>	<u>\$ 171,746</u>	<u>\$ 24,919</u>	<u>\$ 31,050</u>	<u>\$ 73,883</u>	<u>\$ 40,048</u>	<u>\$ 471,882</u>	<u>\$ -</u>	<u>\$ 2,472,827</u>

December 31, 2019

	Not Past Due	Less Than or Equal to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 180 Days	Signs of Counterparty Default	Total
Expected credit loss rate	0%-0.22%	0%-4.09%	0%-4.10%	0%-11.53%	0%-19.89%	0%-27.55%	0%-26.35%	0%-100%	100%	
Gross carrying amount	\$ 1,434,430	\$ 252,724	\$ 155,176	\$ 125,901	\$ 20,778	\$ 26,219	\$ 5,402	\$ 579,146	\$ 578,061	\$ 3,177,837
Loss allowance (Lifetime ECL)	(938)	(6,451)	(2,443)	(3,466)	(3,789)	(589)	(845)	(5,669)	(578,061)	(602,251)
Amortized cost	<u>\$ 1,433,492</u>	<u>\$ 246,273</u>	<u>\$ 152,733</u>	<u>\$ 122,435</u>	<u>\$ 16,989</u>	<u>\$ 25,630</u>	<u>\$ 4,557</u>	<u>\$ 573,477</u>	<u>\$ -</u>	<u>\$ 2,575,586</u>

March 31, 2019

	Not Past Due	Less Than or Equal to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 150 Days	151 to 180 Days	Over 180 Days	Signs of Counterparty Default	Total
Expected credit loss rate	0%-0.02%	0%-0.10%	0%-2.84%	0%-15.92%	0%-29.08%	0%-31.85%	0%-26.15%	0%-100%	100%	
Gross carrying amount	\$ 1,747,515	\$ 267,441	\$ 22,566	\$ 156,292	\$ 162,190	\$ 60,407	\$ 5,745	\$ 884,648	\$ 596,713	\$ 3,903,517
Loss allowance (Lifetime ECL)	(49)	(3,635)	(1,679)	(923)	(2,684)	(19,513)	(145)	(15,940)	(596,713)	(641,281)
Amortized cost	<u>\$ 1,747,466</u>	<u>\$ 263,806</u>	<u>\$ 20,887</u>	<u>\$ 155,369</u>	<u>\$ 159,506</u>	<u>\$ 40,894</u>	<u>\$ 5,600</u>	<u>\$ 868,708</u>	<u>\$ -</u>	<u>\$ 3,262,236</u>

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

	For the Three Month Ended March 31	
	2020	2019
Balance at January 1	\$ 602,251	\$ 622,654
Impairment losses	3,572	13,157
Foreign exchange gains	<u>(2,318)</u>	<u>5,470</u>
Balance at March 31	<u>\$ 603,505</u>	<u>\$ 641,281</u>

b. Other receivables

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

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

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

The aging of other receivables was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Up to 60 days	\$ 1,523,351	\$ 838,933	\$ 152,518
61-90 days	2,649	-	10,133
91-120 days	373	-	34,104
More than 120 days	<u>4,813</u>	<u>10,224</u>	<u>996,468</u>
Total	<u>\$ 1,531,186</u>	<u>\$ 849,157</u>	<u>\$ 1,193,223</u>

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

	March 31, 2020	December 31, 2019	March 31, 2019
Up to 60 days	\$ 11,488	\$ 11,398	\$ 8,144
61-90 days	-	-	3,236
More than 120 days	<u>4,609</u>	<u>4,609</u>	<u>5,164</u>
Total	<u>\$ 16,097</u>	<u>\$ 16,007</u>	<u>\$ 16,544</u>

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

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

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 16,007	\$ 8,400
Impairment losses	-	8,144
Foreign exchange gains and losses	<u>90</u>	<u>-</u>
Balance at March 31	<u>\$ 16,097</u>	<u>\$ 16,544</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	March 31, 2020	December 31, 2019	March 31, 2019
Fixed rate NTD-denominated loan receivables at NTD200,000 thousand (1)	\$ -	1.608%	\$ -	\$ -	\$ 200,000
Fixed rate USD-denominated loan receivables at USD3,500 thousand (2)	-	5.000%	<u>-</u>	<u>-</u>	<u>107,888</u>
			<u>\$ -</u>	<u>\$ -</u>	<u>\$ 307,888</u>

- 1) The impairment losses had been recognized, refer to Note 37.
- 2) The principal was received in the second quarter of 2019.

11. FINANCE LEASE RECEIVABLES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Gross investment in leases</u>			
Not later than one year	\$ 2,983	\$ 2,945	\$ 3,009
Over one year to five years	12,541	12,382	15,829
Later than five years	<u>48,697</u>	<u>49,122</u>	<u>49,772</u>
	64,221	64,449	68,610
Less: Unearned finance income	<u>(28,927)</u>	<u>(29,309)</u>	<u>(32,002)</u>
Present value of minimum lease payments	<u>\$ 35,294</u>	<u>\$ 35,140</u>	<u>\$ 36,608</u>

The Group entered into equipment lease agreements. The term of finance leases was 20 years. They were accounted for as finance leases.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The effective interest rate contracted was 6.16% per annum.

The amounts of finance lease receivables pledged as collateral for bank loans are shown in Note 36.

Loss allowance of finance lease receivables was estimated at the reporting date. For those with credit risk that did not increase significantly since initial recognition, 12-month ECL was applied; for those with credit risk that increased significantly since initial recognition, lifetime ECL was applied. As of March 31, 2020, no finance lease receivable was past due. The Group has not recognized any loss allowance for finance lease receivables after considering historical experience, industry forecasts and the collaterals.

12. INVENTORIES

	March 31, 2020	December 31, 2019	March 31, 2019
Finished goods	\$ 1,498,963	\$ 1,769,145	\$ 2,258,223
Work in progress	57,608	34,993	52,573
Raw materials	736,490	606,876	884,909
Power facility construction in progress	<u>2,390,141</u>	<u>2,533,566</u>	<u>1,624,839</u>
	<u>\$ 4,683,202</u>	<u>\$ 4,944,580</u>	<u>\$ 4,820,544</u>

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

For the three months ended March 31, 2020, the cost of sales was \$3,267,697 thousand, which included (1) unallocated fixed manufacturing overheads of \$221,330 thousand; (2) income of \$361 thousand from the sale of scraps; (3) recognized inventory write-downs of \$72,894 thousand and (4) loss of \$397 thousand from the disposal of obsolete inventories.

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

Refer to Note 36 for the carrying amount of inventories pledged by the Group to secure borrowings.

13. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
The Corporation	General Energy Solutions Inc. ("GES")	Electronic component manufacturing and selling	-	-	-	2
	Prime Energy Corp. ("Prime Energy")	Electronic component manufacturing and selling	100.00	100.00	100.00	-
	New Ray Investment Corp. ("New Ray Investment")	Investment company	100.00	100.00	100.00	-
	DelSolar Holding Singapore Pte. Ltd. ("DelSolar Singapore")	Investment company	100.00	100.00	100.00	-
	DelSolar Holding (Cayman) Ltd. ("DelSolar Cayman")	Investment company	100.00	100.00	100.00	-
	NSP Systems (BVI) Ltd. ("NSP BVI")	Investment company	100.00	100.00	100.00	-
	NSP UK Holding Limited ("NSP UK")	Investment company	100.00	100.00	100.00	-
	Best Power Service Corp. ("BPS")	Solar-related business	60.00	60.00	60.00	-
	NSP System Development Corp. ("NSP System")	Investment company	100.00	100.00	100.00	-
	GES Energy Middle East FZE ("GES ME")	Solar-related business	100.00	100.00	100.00	-
	Utech solar corporation ("Utech")	Electronic component manufacturing and selling	99.49	99.49	98.30	3
	Ultimate Energy Solution Limited ("UES")	Investment company	100.00	100.00	100.00	-
	Solartech Materials Corporation ("SMC")	Solar-related business	100.00	100.00	100.00	-
	Apex solar Corporation ("Apex")	Solar-related business	100.00	100.00	100.00	-
	Solartech Japan Corporation ("Solartech JP")	Solar-related business	-	-	100.00	4
	Zhongyang Corporation ("Zhongyang")	Solar-related business	100.00	100.00	100.00	-
	Huiyang Corporation ("Huiyang")	Solar-related business	100.00	100.00	100.00	4
	United Renewable Energy Engineering Co., Ltd. ("UREE")	Solar-related business	100.00	100.00	-	5
	Yong Liang Ltd. ("Yong Liang")	Solar-related business	100.00	100.00	100.00	2
	Yong Zhou Ltd. ("Yong Zhou")	Solar-related business	100.00	100.00	100.00	2
	Ever Lite Power Inc. ("Ever Lite")	Electronic component manufacturing and selling	-	100.00	100.00	2, 4
	Yong Shun Ltd. ("Yong Shun")	Solar-related business	100.00	100.00	100.00	2
	General Energy Solutions UK Limited ("GES UK")	Investment company	100.00	100.00	100.00	2
	ELECTRONIC J.R.C. S.R.L. ("JRC")	Solar-related business	1.00	1.00	1.00	2
	Dashiangying Energy Power Ltd. Co. ("Dashiangying")	Solar and agriculture-related business	100.00	100.00	-	5
	Shinkai Energy Power Ltd. Co. ("Shinkai")	Solar and agriculture-related business	100.00	100.00	-	5
	Shanshang Energy Power Ltd. Co. ("Shanshang")	Solar and agriculture-related business	100.00	100.00	-	5
	Jiangung Energy Power Ltd. Co. ("Jiangung")	Solar and agriculture-related business	100.00	100.00	-	5
	Dungshr Energy Power Ltd. Co. ("Dungshr")	Solar and agriculture-related business	100.00	100.00	-	5
	Yanshan Energy Power Ltd. Co. ("Yanshan")	Solar and agriculture-related business	100.00	100.00	-	5

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
GES UK	General Energy Solutions USA. Inc. ("GES USA")	Investment company	100.00	100.00	100.00	-
	GES JAPAN CORPORATION ("GES JAPAN")	Investment company	100.00	100.00	100.00	-
	NCH Solar 1 Limited ("NCH Solar 1")	Solar-related business	100.00	100.00	100.00	-
	GES Solar 2 Limited ("GES Solar 2")	Solar-related business	100.00	100.00	100.00	-
	GES Solar 3 Limited ("GES Solar 3")	Solar-related business	100.00	100.00	100.00	-
	General Energy Solutions CANADA Inc. ("GES CANADA")	Investment company	100.00	100.00	100.00	-
GES USA	ET ENERGY SOLUTIONS LLC ("ET ENERGY")	Solar-related business	-	-	-	4
	TIPPING POINT ENERGY COC PPA SPE-1, LLC ("TIPPING POINT")	Solar-related business	-	-	-	4
	MEGATWO, LLC ("MEGATWO")	Solar-related business	100.00	100.00	100.00	-
	GES MEGAFIVE, LLC ("MEGAFIVE")	Solar-related business	100.00	100.00	100.00	-
	GES MEGASIX, LLC ("MEGASIX")	Solar-related business	100.00	100.00	100.00	-
	GES MEGAEIGHT, LLC ("MEGAEIGHT")	Solar-related business	100.00	100.00	100.00	-
	GES MEGATWELVE, LLC ("MEGATWELVE")	Solar-related business	100.00	100.00	100.00	-
	GES MEGATHIRTEEN, LLC ("MEGATHIRTEEN")	Solar-related business	100.00	100.00	100.00	-
	GES MEGASIXTEEN, LLC ("MEGASIXTEEN")	Solar-related business	100.00	100.00	100.00	-
	GES MEGASEVENTEEN, LLC ("MEGASEVENTEEN")	Solar-related business	100.00	100.00	100.00	-
	GES MEGANINETEEN, LLC ("MEGANINETEEN")	Solar-related business	100.00	100.00	100.00	-
	GES MEGATWENTY, LLC ("MEGATWENTY")	Solar-related business	100.00	100.00	100.00	-
	GES ASSET ONE, LLC. ("ASSET ONE")	Solar-related business	-	100.00	100.00	4
	GES ASSET TWO, LLC. ("ASSET TWO")	Solar-related business	-	-	-	1
	GES ASSET THREE LLC ("ASSET THREE")	Solar-related business	100.00	100.00	100.00	-
	GES ASSET FOUR LLC ("ASSET FOUR")	Solar-related business	-	-	-	4
	CENERGY PORTFOLIO LLC ("CENERGY")	Solar-related business	-	-	-	4
	SH4 SOLAR LLC ("SH4")	Solar-related business	100.00	100.00	100.00	-
	Cedar Falls Solar Farm, LLC ("CEDAR FALLS")	Solar-related business	100.00	100.00	100.00	-
	Schenectady Solar, LLC ("Schenectady")	Solar-related business	-	-	-	1
	Village of Coxsackie Municipal Solar Project One, LLC ("VOC")	Solar-related business	-	-	-	1
	SEG MI 57 LLC ("SEG")	Solar-related business	100.00	100.00	100.00	1
	Kinect Solar Fund 1, LLC ("KINECT")	Solar-related business	100.00	100.00	100.00	-
	RER CT 57, LLC ("RER CT 57")	Solar-related business	100.00	100.00	100.00	-
	TEV II, LLC (TEV II)	Investment company	50.00	50.00	50.00	6
	Heywood Solar PGS, LLC ("HEYWOOD")	Solar-related business	55.00	55.00	55.00	-
	MP Solar, LLC ("MP Solar")	Solar-related business	55.00	55.00	55.00	-
	Ventura Solar LLC ("Ventura")	Solar-related business	55.00	55.00	55.00	-
	ILLINI POWER	Solar-related business	-	-	-	1
	PS CS, LLC ("PS CS")	Solar-related business	-	-	-	1
	LITH CS, LLC ("LITH CS")	Solar-related business	-	-	-	1
	ZION CS, LLC ("ZION CS")	Solar-related business	-	-	-	1
SUNVESTMENI ENERGY GROUP NY 63, LLC ("ENERGY GROUP NY 63")	Solar-related business	-	-	-	1	
NSP NEVADA	HEYWOOD	Solar-related business	45.00	45.00	45.00	-
	MP Solar	Solar-related business	45.00	45.00	45.00	-
	Ventura	Solar-related business	45.00	45.00	45.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
NSP NEVADA	Livermore Community Solar Farm, LLC ("Livermore")	Solar-related business	75.00	75.00	75.00	-
	Industrial Park Drive Solar, LLC ("Industrial Park")	Solar-related business	100.00	100.00	100.00	-
	Hillsboro Town Solar, LLC ("Hillsboro")	Solar-related business	100.00	100.00	100.00	-
GES JAPAN	Hashimoto Corporation ("Hashimoto")	Solar-related business	100.00	100.00	100.00	-
GES CANADA	ELECTRONIC J.R.C., S.R.L. ("JRC")	Solar-related business	99.00	99.00	99.00	-
MEGATWO	Munisol S.A.P.I. de C.V. ("MUNISOL")	Solar-related business	100.00	100.00	100.00	-
ASSET THREE	GES Asset Three Shima's, LLC ("SHIMA'S")	Solar-related business	100.00	100.00	100.00	-
	GES Asset Three Waimea, LLC ("WAIMEA")	Solar-related business	100.00	100.00	100.00	-
	GES Asset Three Honokawai, LLC ("HONOKAWAI")	Solar-related business	100.00	100.00	100.00	-
	GES Asset Three Eleele, LLC ("ELEELE")	Solar-related business	100.00	100.00	100.00	-
ASSET THREE	GES Asset Three Hanalei, LLC ("HANALEI")	Solar-related business	100.00	100.00	100.00	-
	GES Asset Three Kapaa, LLC ("KAPAA")	Solar-related business	100.00	100.00	100.00	-
MEGASIXTEEN	GES Asset Three Koloa, LLC ("KOLOA")	Solar-related business	100.00	100.00	100.00	-
	GES AC SOLAR 2017, LLC ("GES AC")	Solar-related business	67.59	67.59	67.59	-
GES AC	Anderson North Solar Project LLC ("Anderson N.")	Solar-related business	100.00	100.00	100.00	-
	Anderson South Solar Project LLC ("Anderson S.")	Solar-related business	100.00	100.00	100.00	-
	Flora Solar Project LLC ("Flora")	Solar-related business	100.00	100.00	100.00	-
	Greenfield Solar Project LLC ("Greenfield")	Solar-related business	100.00	100.00	100.00	-
	Spiceland Solar Project LLC ("Spiceland")	Solar-related business	100.00	100.00	100.00	-
	TEV II	TEV Solar Alpha18 LLC (TEV Solar)	Solar-related business	100.00	100.00	100.00
TEV Solar	AC GES Solar 2018 LLC (AC GES Solar)	Solar-related business	66.19	66.19	66.19	-
AC GES Solar	Richmond 2 Solar Park, LLC (Richmond)	Solar-related business	100.00	100.00	100.00	-
	Rensselaer 2 Solar Park, LLC (Rensselaer)	Solar-related business	100.00	100.00	100.00	-
	Advance Solar Park, LLC (Advance)	Solar-related business	100.00	100.00	100.00	-
DelSolar Cayman	DelSolar (HK) Ltd. ("DelSolar HK")	Investment company	100.00	100.00	100.00	-
	DelSolar US Holdings (Delaware) Corporation ("DelSolar US")	Investment company	100.00	100.00	100.00	-
	NSP SYSTEM NEVADA HOLDING CORP. ("NSP NEVADA")	Solar-related business	100.00	100.00	100.00	-
	URE NSP Corporation ("URE NSP")	Solar-related business	100.00	100.00	100.00	-
NSP BVI	NSP HK Holding Ltd. ("NSP HK")	Solar-related business	-	-	-	1
	Clean Focus GP Limited ("CFGF")	Solar operation management services	60.00	60.00	60.00	-
DelSolar Singapore	Neo Solar Power Malaysia Sdn. Bhd ("NSP Malaysia")	Technical management services	100.00	100.00	100.00	-
	Neo Solar Power Vietnam Co., Ltd ("NSP Vietnam")	Technical management services	100.00	100.00	100.00	-
NSP UK	NSP Germany GmbH ("NSP Germany")	Solar-related business	90.00	90.00	90.00	-
	PV-Power-Park Pro1 Verwaltings GmbH ("PV-Power-Park")	Solar-related business	100.00	100.00	100.00	-
	NSP Indygen UK Ltd. ("NSP Indygen")	Solar-related business	-	-	-	1
NSP System	Hsin Jin Optoelectronics ("Hsin Jin Optoelectronics")	Solar-related business	80.00	80.00	80.00	-
	Hsin Jin Solar Energy Co., Ltd. ("Hsin Jin Solar Energy")	Solar-related business	60.00	60.00	60.00	-
	Si Two Corp. ("Si Two")	Solar-related business	100.00	100.00	100.00	-

(Continued)

Investor	Investee	Main Business	% of Ownership			Remark
			March 31, 2020	December 31, 2019	March 31, 2019	
NSP System	Tienyang Green Power Ltd. Co. (“Tienyang”)	Solar-related business	100.00	100.00	-	7
	Deyang Green Power Ltd. Co. (“Deyang”)	Solar-related business	100.00	100.00	-	7
	Shanyang Green Power Ltd. Co. (“Shanyang”)	Solar-related business	100.00	100.00	-	7
	Jeyang Green Power Ltd. Co. (“Jeyang”)	Solar-related business	100.00	100.00	-	7
	Lianzhang Energy Power Ltd. Co. (“Lianzhang”)	Solar-related business	100.00	100.00	-	7
	Lianxi Energy Power Ltd. Co. (“Lianxi”)	Solar-related business	100.00	100.00	-	7
	Liancheng Energy Power Ltd. Co. (“Liancheng”)	Solar-related business	100.00	100.00	-	7
UREE	United Agriculture Ecology Ltd. Co. (“UAE”)	Solar and agriculture-related business	100.00	100.00	-	5
NSP HK	XYH (Suzhou) Energy Ltd. (“XYH Suzhou”)	Solar-related business	100.00	100.00	100.00	-
CFGP	Clean Focus GP (HK) Limited. (“CFGP (HK)”)	Solar operation management services	100.00	100.00	100.00	-
DelSolar HK	DelSolar (Wu Jiang) Ltd. (“DelSolar Wu Jiang”)	Solar-related business	100.00	100.00	100.00	-
	NSP Japan Inc. (“NSP Japan”)	Solar-related business	100.00	100.00	100.00	-
	Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Solar-related business	7.87	11.36	11.36	3
DelSolar US	DelSolar Development (Delaware) LLC (“DelSolar Development”)	Solar-related business	100.00	100.00	100.00	-
	Clean Focus Renewables Inc. (“CFR”)	Solar-related business	100.00	100.00	100.00	-
	USD1 Owner LLC (“USD1”)	Solar-related business	100.00	100.00	100.00	-
	Beryl Construction LLC (“Beryl”)	Solar-related business	100.00	100.00	100.00	-
CFGP (HK)	Clean Focus GP (Shanghai) Limited. (“CFGP (Shanghai)”)	Solar operation management services	100.00	100.00	100.00	-
DelSolar Wu Jiang	NSP Nanchang	Solar-related business	92.13	88.64	88.64	3
DelSolar Development	DSS-USF PHX LLC	Solar-related business	100.00	100.00	100.00	-
	DSS-RAL LLC	Solar-related business	100.00	100.00	100.00	-
CFR	Rugged Solar LLC	Solar-related business	-	-	-	-
UES	Renewable Energy Solution Limited (RES)	Investment company	100.00	100.00	100.00	-
RES	Gintech (Thailand) Limited (Gintech (Thailand))	Solar-related business	100.00	100.00	100.00	-

(Concluded)

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

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

Note 3: The Corporation increased the capital of Utech in May 2019 and increased its shareholding ratio on Utech from 98.30% to 99.49%. DelSolar Wu Jiang increased the capital of NSP Nanchang in January and March 2020 and increased its shareholding ratio on NSP Nanchang from 88.64% to 92.13%. DelSolar HK decreased its shareholding ratio on NSP Nanchang from 11.36% to 7.87%.

Note 4: ET ENERGY and TIPPING POINT were all disposed of in the first quarter of 2019. Solartech JP was disposed of in the second quarter of 2019. Huiyang went into liquidation process in the third quarter of 2019. Ever Lite, ASSET ONE, ASSET FOUR AND CENERGY were all disposed of in the first quarter of 2020.

- Note 5: UREE was incorporated in January 2019; Dashiangying, Shanshang, Yanshan, Shinkai, Jianguang and Dungshr were incorporated in July 2019; UREE had invested capital in UAE in July 2019; UAE became 100%-owned subsidiaries of UREE.
- Note 6: GES USA and non-related party, Telamon Enterprise Ventures (“Telamon”) established TEV II and each acquired 50% of the shares of TEV II, based on an agreement. GES USA is responsible for all relevant events and the risk of fluctuating return, thus, GES USA obtains substantial control over TEV II.
- Note 7: NSP System had invested capital in Tienyang, Deyang, Shanyang and Jeyang in January 2019 and had invested capital in Lianzhang, Lianxi, Liangcheng in June 2019, the abovementioned companies became 100%-owned subsidiaries of NSP System.
- Note 8: The above subsidiaries included in the Group’s consolidated financial statements which we have not reviewed and are non-major subsidiaries.

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2020	December 31, 2019	March 31, 2019
Investments in associates	\$ 740,477	\$ 2,126,807	\$ 2,304,629
Investments in joint ventures	<u>3,636</u>	<u>3,608</u>	<u>66,942</u>
	<u>\$ 744,113</u>	<u>\$ 2,130,415</u>	<u>\$ 2,371,571</u>

a. Investments in associates

	March 31, 2020	December 31, 2019	March 31, 2019
Associates that are not individually material			
Neo Cathay Power Corp. (“Neo Cathay”)	\$ 559,871	\$ 559,639	\$ 598,680
TS Solartech Sdn Bhd (“TSST”)	76,234	86,638	252,099
V5 Technology	66,324	66,769	60,990
MEGATHREE	35,024	34,759	34,220
DS Energy Technology Co., Ltd. (“DSET”)	3,024	3,604	6,496
CFY	-	1,375,398	1,296,915
Gintung energy Corp. (“Gintung”)	-	-	55,229
Sunshine PV Corp. (“Sunshine PV”)	-	-	-
Solar PV Corp. (“Solar PV”)	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 740,477</u>	<u>\$ 2,126,807</u>	<u>\$ 2,304,629</u>

1) Material associates

As of March 31, 2020, December 31, 2019 and March 31, 2019, the Group did not have material associates.

2) 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 associates held by the Group were as follows:

Name of Associate	March 31, 2020	December 31, 2019	March 31, 2019
CFY (a)	-	28.67%	28.67%
Neo Cathay	40.00%	40.00%	40.00%
TSST	42.12%	42.12%	42.12%
V5 Technology	41.43%	41.43%	41.43%
Gintung	36.38%	36.38%	36.38%
MEGATHREE	40.00%	40.00%	40.00%
DSET (b)	35.00%	35.00%	35.00%
Sunshine PV (c)	-	-	19.47%
Solar PV (d)	-	19.92%	19.92%

- a) The Group exercised the put options and required CFY to redeem all of its shares in January 2020. Refer to Note 35 for information relating to the relevant disposal and trading.
- b) JNV SOLAR POWER CO., LTD. changed its name to DSET on December 2019.
- c) 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.
- d) Solar PV was liquidated in January 2020.

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

	For the Three Months Ended March 31	
	2020	2019
The Group's share of:		
Net loss for the period	\$ (2,279)	\$ (5,036)
Other comprehensive (loss) gain for the period	<u>(8,924)</u>	<u>8,172</u>
Total comprehensive (loss) gain for the period	<u>\$ (11,203)</u>	<u>\$ 3,136</u>

The Group had recognized impairment loss of equity investment of Gintung, an associate, so that the Group did not recognize any share of profit or loss of these associate. However, based on the shareholding ratio, share of equity of associates attributable to the Group was \$50,285 thousand as of March 31, 2020.

b. Investments in joint ventures

	March 31, 2020	December 31, 2019	March 31, 2019
Joint ventures that are not individually material			
NSP ET CAP MN HOLDINGS LLC (“JV2”)	\$ -	\$ -	\$ 63,236
CF MN DevCo One LLC (“DevCo One”)	1,818	1,804	1,853
CF MN DevCo Two LLC (“DevCo Two”)	<u>1,818</u>	<u>1,804</u>	<u>1,853</u>
	<u>\$ 3,636</u>	<u>\$ 3,608</u>	<u>\$ 66,942</u>

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

Name of Company	March 31, 2020	December 31, 2019	March 31, 2019
JV2 (1)	67.00%	67.00%	67.00%
DevCo One (2)	40.00%	40.00%	40.00%
DevCo Two (2)	40.00%	40.00%	40.00%

Note 1: JV2 jointly invested in DelSolar US, a subsidiary of NSP, and ET Capital Solar Partners (USA), Inc. on December 28, 2015. As of March 31, 2020, the Group held a 67% equity interest in JV2 and two of three seats of JV2’s board of directors. Based on the contractual arrangement between DelSolar US and ET Capital Solar Partners (USA), Inc., any material management decisions of JV2 shall be approved by the full board of directors. Therefore, DelSolar US concluded that it does not have control over JV2. In addition, as specified in the contractual arrangement, both DelSolar US and ET Capital Solar Partners (USA), Inc. have an equal percentage of profit distribution. After assessing JV2’s operating status with accounts receivable that cannot be recovered, the Group had recognized impairment loss of investment of JV2 in the third quarter of 2019.

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

Investments in joint ventures that are not individually material

	For the Three Months Ended March 31	
	2020	2019
The Group’s share of:		
Net loss for the period	\$ -	\$ (26)
Other comprehensive loss for the period	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>\$ -</u>	<u>\$ (26)</u>

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

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the three months ended March 31, 2020 and 2019 were based on the associates' financial statements that have not been reviewed.

The investments in the associates and joint ventures have been pledged as collateral for bank loans, refer to note 36.

15. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2020	December 31, 2019	March 31, 2019
Assets used by the Group	\$ 18,349,448	\$ 18,951,458	\$ 23,818,205
Assets leased under operating leases	<u>101,690</u>	<u>113,500</u>	<u>126,278</u>
	<u>\$ 18,451,138</u>	<u>\$ 19,064,958</u>	<u>\$ 23,944,483</u>

a. Assets used by the Group

	For the Three Months Ended March 31, 2019						Balance at March 31, 2019
	Balance at January 1, 2019	Additions	Disposals	Transfers to Assets Leased Under Operating Leases	Reclassified	Effects of Foreign Currency Exchange Differences	
<u>Cost</u>							
Land	\$ 1,537,278	\$ 56,637	\$ -	\$ -	\$ -	\$ 2,738	\$ 1,596,653
Buildings	8,154,114	-	-	-	-	12,952	8,167,066
Machinery and equipment	20,796,539	843	(99,116)	-	241,981	61,367	21,001,614
Rental assets	254,314	-	-	(254,314)	-	-	-
Research and development equipment	69,566	-	(8,618)	-	3,326	-	64,274
Office equipment	55,984	-	(1,159)	-	415	313	55,553
Leasehold improvements	735,412	120	(4,791)	-	-	234	730,975
Transportation equipment	2,965	-	-	-	-	43	3,008
Miscellaneous equipment	6,516,871	30,145	(1,103,997)	-	1,391	33,718	5,478,128
Property under acceptance or construction	<u>2,964,541</u>	<u>409,868</u>	<u>-</u>	<u>-</u>	<u>(249,193)</u>	<u>6,432</u>	<u>3,131,648</u>
	<u>41,087,584</u>	<u>\$ 497,613</u>	<u>\$ (1,217,681)</u>	<u>\$ (254,314)</u>	<u>\$ (2,080)</u>	<u>\$ 117,797</u>	<u>40,228,919</u>
<u>Accumulated depreciation</u>							
Buildings	1,175,351	\$ 94,424	\$ -	\$ -	\$ -	\$ 142	\$ 1,269,917
Machinery and equipment	12,922,317	769,204	(20,503)	-	-	71,828	13,742,846
Rental assets	119,488	-	-	(119,488)	-	-	-
Research and development equipment	60,525	806	(6,431)	-	-	-	54,900
Office equipment	29,155	3,068	(1,159)	-	-	1,522	32,586
Leasehold improvements	25,684	13,859	(3,999)	-	-	52	35,596
Transportation equipment	1,442	108	-	-	-	30	1,580
Miscellaneous equipment	<u>819,067</u>	<u>78,362</u>	<u>(384,241)</u>	<u>-</u>	<u>-</u>	<u>45,054</u>	<u>558,242</u>
	<u>15,153,029</u>	<u>\$ 959,831</u>	<u>\$ (416,333)</u>	<u>\$ (119,488)</u>	<u>\$ -</u>	<u>\$ 118,628</u>	<u>15,695,667</u>
<u>Accumulated impairment</u>							
Machinery and equipment	457,098	\$ -	\$ -	\$ -	\$ -	\$ -	457,098
Property under acceptance or construction	<u>257,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,949</u>
	<u>715,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>715,047</u>
	<u>\$ 25,219,508</u>						<u>\$ 23,818,205</u>

For the Three Months Ended March 31, 2020						
	Balance at January 1, 2020	Additions	Disposals	Reclassified	Effect of Foreign Currency Exchange Differences	Balance at March 31, 2020
Cost						
Land	\$ 1,541,409	\$ -	\$ -	\$ -	\$ (6,428)	\$ 1,534,981
Buildings	8,176,387	-	-	-	(31,904)	8,144,483
Machinery and equipment	21,497,167	11,204	(834)	1,702	(116,982)	21,392,257
Research and development equipment	70,227	197	-	-	-	70,424
Office equipment	57,945	272	(10,376)	-	(411)	47,430
Leasehold improvements	734,420	-	-	-	(130)	734,290
Transportation equipment	2,652	-	-	-	(19)	2,633
Miscellaneous equipment	6,078,705	-	(51,816)	(35,904)	6,090	5,997,075
Property under acceptance or construction	874,195	77,914	-	(10,444)	(4,044)	937,621
	<u>39,033,107</u>	<u>\$ 89,587</u>	<u>\$ (63,026)</u>	<u>\$ (44,646)</u>	<u>\$ (153,828)</u>	<u>38,861,194</u>
Accumulated depreciation						
Buildings	1,553,968	\$ 89,449	\$ -	\$ -	\$ (2,651)	1,640,766
Machinery and equipment	15,275,069	361,265	(834)	-	(28,255)	15,607,245
Research and development equipment	57,038	710	-	-	-	57,748
Office equipment	40,119	1,778	(10,376)	-	(328)	31,193
Leasehold improvements	77,948	13,780	-	-	(36)	91,692
Transportation equipment	1,886	87	-	-	(15)	1,958
Miscellaneous equipment	792,527	74,598	(24,316)	(35,904)	(3,628)	803,277
	<u>17,798,555</u>	<u>\$ 541,667</u>	<u>\$ (35,526)</u>	<u>\$ (35,904)</u>	<u>\$ (34,913)</u>	<u>18,233,879</u>
Accumulated impairment						
Buildings	398,250	\$ -	\$ -	\$ -	\$ -	398,250
Machinery and equipment	1,611,909	-	-	-	(6,353)	1,605,556
Office equipment	518	-	-	-	(5)	513
Research and development equipment	958	-	-	-	-	958
Leasehold improvements	9,030	-	-	-	(95)	8,935
Miscellaneous equipment	6,058	-	-	-	(6)	6,052
Property under acceptance or construction	256,371	-	-	-	1,232	257,603
	<u>2,283,094</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (5,227)</u>	<u>2,277,867</u>
	<u>\$ 18,951,458</u>					<u>\$ 18,349,448</u>

b. Assets leased under operating leases

For the Three Months Ended March 31, 2019							
	Balance at January 1, 2019	Transfers from Assets used by the Group	Additions	Disposals	Reclassified	Effects of Foreign Currency Exchange Differences	Balance at March 31, 2019
Cost							
Miscellaneous equipment	\$ -	\$ 254,314	\$ -	\$ -	\$ -	\$ 915	\$ 255,229
Accumulated depreciation							
Miscellaneous equipment	-	\$ 119,488	\$ 9,028	\$ -	\$ -	\$ 435	128,951
	<u>\$ -</u>						<u>\$ 126,278</u>
For the Three Months Ended March 31, 2020							
	Balance at January 1, 2020	Additions	Disposals	Reclassified	Effects of Foreign Currency Exchange Differences	Balance at March 31, 2020	
Cost							
Miscellaneous equipment	\$ 249,322	\$ -	\$ -	\$ 35,904	\$ 160	\$ 285,386	
Accumulated depreciation							
Miscellaneous equipment	135,822	\$ 12,229	\$ -	\$ 35,904	\$ (259)	183,696	
	<u>\$ 113,500</u>					<u>\$ 101,690</u>	

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

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

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

Refer to Note 36 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings.

For the three months ended March 31, 2020, the deductions were from the disposal of property, plants and equipment \$27,500 thousand.

For the three months ended March 31, 2020, there were reclassifications from property under acceptance of \$2,959 thousand to prepayments to equipment, property under acceptance of \$490 thousand to sundry purchases, and payables to contractors and equipment suppliers of \$5,293 thousand offset by accounting adjustment.

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

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

16. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Land	\$ 745,732	\$ 746,073	\$ 628,120
Buildings	156,904	164,308	209,164
Machinery and equipment	39,290	41,159	51,778
Miscellaneous equipment	<u>20,049</u>	<u>29,574</u>	<u>19,086</u>
	<u>\$ 961,975</u>	<u>\$ 981,114</u>	<u>\$ 908,148</u>
		For the Three Months Ended March 31	
		2020	2019
Additions to right-of-use assets		<u>\$ 4,460</u>	<u>\$ 2,877</u>
Depreciation charge for right-of-use assets			
Land		\$ 11,212	\$ 9,830
Buildings		7,533	7,915
Machinery and equipment		1,460	1,522
Miscellaneous equipment		<u>1,904</u>	<u>2,110</u>
		<u>\$ 22,109</u>	<u>\$ 21,377</u>

Except for recognizing depreciation expense, there was no significant sublease and impairment on the right-of-use assets for the three months ended March 31, 2020 and 2019.

b. Lease liabilities - 2019

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts</u>			
Current	<u>\$ 38,355</u>	<u>\$ 65,778</u>	<u>\$ 20,126</u>
Non-current	<u>\$ 969,875</u>	<u>\$ 952,521</u>	<u>\$ 896,017</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2020	December 31, 2019	March 31, 2019
Land	1.50%-3.37%	1.50%-3.37%	2.07%-7.38%
Buildings	2.55%-5.25%	2.55%-5.25%	1.00%-5.61%
Machinery and equipment	2.83%-4.90%	2.83%-4.90%	1.00%-2.83%
Miscellaneous equipment	2.07%-4.76%	2.07%-4.76%	2.07%-5.25%

c. Material lease-in activities and terms

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

d. Other lease information

Lease arrangements under operating leases for the leasing out of property, plant and equipment refer to Notes 15. Lease arrangements for the leasing out of assets under finance leases refer to Note 11.

	For the Three Months Ended March 31	
	2020	2019
Expenses relating to short-term leases	<u>\$ 8,092</u>	<u>\$ 3,217</u>
Expenses relating to low-value asset leases	<u>\$ 918</u>	<u>\$ 3,855</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 1,611</u>	<u>\$ 1,430</u>
Total cash outflow for leases	<u>\$ (31,600)</u>	<u>\$ (29,117)</u>

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

17. INTANGIBLE ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Carrying amounts of each class</u>			
Contracts with customers	\$ 103,642	\$ 103,712	\$ 36,168
Software	1,720	2,049	2,514
Patents	990	1,039	1,154
Contracts with consultants	-	-	133,364
Goodwill	-	-	12,002
Brands	-	-	-
Others	<u>7,300</u>	<u>8,557</u>	<u>12,645</u>
	<u>\$ 113,652</u>	<u>\$ 115,357</u>	<u>\$ 197,847</u>

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

For the Three Months Ended March 31, 2020								
	Contracts with Consultants	Goodwill	Contracts with Customers	Brands	Patents	Software	Others	Total
Cost								
Balance at January 1	\$ 154,384	\$ 11,680	\$ 111,352	\$ 44,301	\$ 1,284	\$ 3,688	\$ 15,759	\$ 342,448
Reclassifications	-	-	5,387	-	-	-	-	5,387
Translation adjustments	1,210	-	(3,444)	-	-	-	(2,075)	(4,309)
Balance at March 31	<u>155,594</u>	<u>11,680</u>	<u>113,295</u>	<u>44,301</u>	<u>1,284</u>	<u>3,688</u>	<u>13,684</u>	<u>343,526</u>
Accumulated amortization								
Balance at January 1	32,248	-	7,640	44,301	245	1,639	7,202	93,275
Amortization	-	-	953	-	49	329	1,061	2,392
Reclassifications	-	-	5,387	-	-	-	-	5,387
Translation adjustments	253	-	(4,327)	-	-	-	(1,879)	(5,953)
Balance at March 31	<u>32,501</u>	<u>-</u>	<u>9,653</u>	<u>44,301</u>	<u>294</u>	<u>1,968</u>	<u>6,384</u>	<u>95,101</u>
Accumulated impairment								
Balance at January 1	122,136	11,680	-	-	-	-	-	133,816
Translation adjustments	957	-	-	-	-	-	-	957
Balance at March 31	<u>123,093</u>	<u>11,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,773</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 103,642</u>	<u>\$ -</u>	<u>\$ 990</u>	<u>\$ 1,720</u>	<u>\$ 7,300</u>	<u>\$ 113,652</u>

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

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

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

For the three months ended March 31, 2020 and 2019, the Group did not recognize any impairment loss.

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

18. PREPAYMENTS FOR LEASE

	March 31, 2020	December 31, 2019	March 31, 2019
Current assets	\$ <u>5,216</u>	\$ <u>2,531</u>	\$ <u>28,484</u>

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

19. PREPAYMENTS AND OTHER ASSETS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Prepayments</u>			
Payments in advance	\$ 2,408,499	\$ 2,363,684	\$ 2,526,832
Prepayments for equipment	52,116	47,592	558,640
Others	<u>589,686</u>	<u>526,221</u>	<u>601,824</u>
	<u>\$ 3,050,301</u>	<u>\$ 2,937,497</u>	<u>\$ 3,687,296</u>

Other assets

Restricted assets	\$ 942,319	\$ 642,259	\$ 3,883,633
Offset against business tax payable	566,007	616,034	648,674
Pledged time deposits	307,440	304,845	930,976
Temporary payment	189,124	186,724	267,388
Others	<u>-</u>	<u>61,734</u>	<u>55,746</u>
	<u>\$ 2,004,890</u>	<u>\$ 1,811,596</u>	<u>\$ 5,786,417</u>

Prepayments

Current	\$ 864,194	\$ 752,686	\$ 943,994
Non-current	<u>2,186,107</u>	<u>2,184,811</u>	<u>2,743,302</u>
	<u>\$ 3,050,301</u>	<u>\$ 2,937,497</u>	<u>\$ 3,687,296</u>

Other assets

Current	\$ 1,723,435	\$ 1,419,710	\$ 5,427,568
Non-current	<u>281,455</u>	<u>391,886</u>	<u>358,849</u>
	<u>\$ 2,004,890</u>	<u>\$ 1,811,596</u>	<u>\$ 5,786,417</u>

The Group recognized impairment losses on prepayments after assessment; for further disclosures refer to Note 37.

20. LOANS

a. Short-term borrowings

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Secured borrowings</u>			
Bank loans	\$ 96,736	\$ 244,459	\$ 246,620
Non-financial loans	<u>-</u>	<u>-</u>	<u>29,415</u>
	96,736	244,459	276,035
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>2,561,146</u>	<u>2,744,339</u>	<u>5,279,896</u>
	<u>\$ 2,657,882</u>	<u>\$ 2,988,798</u>	<u>\$ 5,555,931</u>

- 1) The range of weighted average effective interest rates on bank loans was 1.7300%-4.9656%, 1.7300%-6.2718% and 1.4000%-3.8585% per annum as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.
- 2) The secured non-financial loans were the refundable deposits that were pledged as collateral for loans to Robina Finance & Leasing Corp. The borrowing rate were 6.2291% as of March 31, 2019.
- 3) The unused amounts of short-term bank loan facilities were 2,369,283 thousand, 2,700,284 thousand and 3,723,659 thousand, as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.
- 4) The assets pledged as collaterals for short-term bank loans are shown in Note 36.

b. Short-term bills payable

	March 31, 2020	December 31, 2019	March 31, 2019
Commercial papers	\$ 415,200	\$ 416,100	\$ 345,100
Less: Unamortized discount on bills payable	<u>(224)</u>	<u>(642)</u>	<u>(359)</u>
	<u>\$ 414,976</u>	<u>\$ 415,458</u>	<u>\$ 344,741</u>

Outstanding short-term bills payable were as follows:

March 31, 2020

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
<u>Commercial papers</u>				
International Bills Finance Corporation	\$ 374,300	\$ 185	\$ 374,115	2.888%
International Bills Finance Corporation	40,900	39	40,861	2.438%

December 31, 2019

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
<u>Commercial papers</u>				
International Bills Finance Corporation	\$ 374,400	\$ 377	\$ 374,023	0.750%
International Bills Finance Corporation	41,700	265	41,435	2.438%

March 31, 2019

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

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

c. Long-term bank loans

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Secured loan</u>			
10.13 billion syndicated loan from First Bank	\$ 8,115,602	\$ 9,803,460	\$ 7,530,887
4.5 billion syndicated loan from First Bank	2,315,560	2,327,560	2,359,560
FMO & DEG Bank	1,067,180	1,071,422	1,139,724
Cathay Bank	668,416	678,119	298,495
KGI Bank loan	250,000	250,000	250,000
Mega Bank	105,657	107,197	110,250
CTBC Bank loan	100,344	171,374	340,306
Taiwan Cooperative Bank loan	97,400	99,500	105,800
Bank SinoPac	93,196	94,981	100,336
Land Bank of Taiwan	64,485	65,770	69,581
Yuanta Bank	63,989	65,570	70,313
Far Eastern Bank	62,482	64,122	67,968
Union Bank of Taiwan loan	-	-	5,826
<u>Unsecured loan</u>			
King's Town Bank	800,000	904,916	1,140,000
0.5 billion syndicated loan from First Bank	168,750	225,000	281,250
The Shanghai Commercial & Savings Bank	104,380	104,921	106,759
First Bank loan	22,617	22,557	23,496
Cota Commercial Bank loan	-	-	12,496

(Continued)

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Other borrowings</u>			
IMPA (1)	\$ 630,042	\$ 620,998	\$ 629,867
Machinery and equipment Financing from EQUVO Pte., Ltd.	443,585	488,134	626,726
Chailease International Financial Services. Co., Ltd.	180,745	143,061	55,793
Inventory Financing from SinoPac Leasing Corporation	61,998	78,420	-
Inventory Financing from Shinshin Credit Corporation	25,352	37,895	75,000
Inventory Financing from Taichung Bank Leasing Corporation Limited	8,604	21,416	59,185
Inventory Financing from Hotai Finance Co., Ltd.	7,796	31,106	29,189
Credit loan from IBT Leasing Co., Ltd.	7,599	15,089	36,923
ROBINA VENTURES INCORPORATION	-	5,549	77,432
Inventory Financing from Jih Sun International Leasing & Finance Co., Ltd.	-	-	45,485
Credit loan from Jih Sun International Leasing & Finance Co., Ltd.	-	-	17,454
Credit loan from Taichung Bank Leasing Corporation Limited	-	-	17,170
	<u>15,465,779</u>	<u>17,498,137</u>	<u>15,683,271</u>
Less: Current portion	<u>(5,700,953)</u>	<u>(5,721,202)</u>	<u>(4,533,873)</u>
	<u>\$ 9,764,826</u>	<u>\$ 11,776,935</u>	<u>\$ 11,149,398</u>
The range of interest rate	1.4956%- 7.8200%	1.4896%- 7.8200%	1.4896%- 7.8200% (Concluded)

Note 1: MEGASIXTEEN and TEV II entered into a long-term contract with IMPA for a term of 25 years. A derivative, which has a right to sell, as a liability, was embedded in the host contract. Such right was designated on initial recognition as one to be measured at fair value through profit or loss; the embedded derivative was required to be separated from the host contract as the economic characteristics of the embedded derivative were not closely related to those of the host contract, resulting in an approximate effective interest rate of 11.08% and 11.38%, respectively.

Note 2: The contracts will expire in November 2043, as of March 31, 2020, December 31, 2019 and March 31, 2019.

1) The bank borrowing restrictions are as follows:

Long-term borrowings

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

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

The First Bank \$10.13 billion syndicated loans were new borrowings in February 2019. According to the agreement above financial ratio restrictions have not been reviewed in the first quarter of 2020.

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

- a) Current ratio (current assets ÷ current liabilities): At least 100%;
- b) Debt to equity ratio (total liabilities ÷ tangible net worth): No more than 200%;
- c) Interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ interest expense]: At least 4; and
- d) Tangible net worth (net worth - intangible assets) should be at least \$1.3 billion.

Since the above syndicated loans will expire on September 30, 2020, they were transferred from long-term bank loans to the current portion. Therefore, such contract will no need to review the agreement rate before the maturity date.

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

- a) Debt to equity ratio (total liabilities ÷ tangible net worth): No more than 233%;
- b) Interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ principal and interest paid in current year]: At least 115%; and
- c) The balance of reserve funds should not be less than US\$ 3,000 thousand.

JRC did not violate the required financial ratios as of March 31, 2020.

During the credit period, the agreement on the CTBC Bank syndicated loans requires the maintenance of certain financial ratios based on Gintech (Thailand)'s annual nonconsolidated financial reports. The related restrictions are as follows:

- a) Current ratio (current assets ÷ current liabilities): At least 120%;

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

As a guarantor, during the credit period, the maintenance of certain financial ratios based on the Corporation's annual and semiannual consolidated financial reports. The related restrictions are as follows:

- a) Current ratio (current assets ÷ current liabilities): At least 100%;
- b) Debt to equity ratio (total liabilities ÷ tangible net worth): No more than 120%;
- c) Interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ interest expense] at least 4; and
- d) Tangible net worth (net worth - intangible assets) should be at least \$12 billion.

According to the agreement above financial ratio restrictions have not been reviewed in the first quarter of 2020.

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

- a) Debt to equity ratio (total liabilities ÷ tangible net worth): No More than 300%; and
- b) Tangible net worth (net worth-intangible assets) should be at least US\$50 million.

GES USA did not violate the required financial ratios as of March 31, 2020.

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

- a) Debt to equity ratio (total liabilities ÷ tangible net worth): No more than 150%; and
- b) Tangible net worth should be at least \$1.1 billion.

During the credit period, the agreement on the First Bank \$0.5 billion syndicated loans requires the maintenance of certain financial ratios which has been revised and agreed by the banks at the third quarter of 2019 based on the Corporation's annual and semiannual consolidated financial statements:

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

According to the contract, there was no need to review the above financial ratios this quarter.

The assets pledged as collaterals for long-term bank loans are shown in Note 36.

The unused amounts of long-term bank loan facilities were \$1,281,940 thousand, \$506,040 thousand and \$2,674,464 thousand as of March 31, 2020, December 31, 2019 and March 31, 2019, respectively.

2) Other loan restrictions are as follows:

a) Under its agreement with IMPA, the Group estimated that the fair value of its call option was US\$3,150 thousand (roughly NT\$94,014 thousand) at the date the agreement was signed in December 2017. The revalued fair value at March 31, 2020 was US\$1,324 thousand (roughly NT\$40,039 thousand). The fair values were estimated using the Black-Scholes pricing model under the following assumptions:

- i. The executed price was approximately US\$13,347 thousand (measured by reference to the flip date fair value);
- ii. The expected volatility was 17.5%;
- iii. The expected term of the option was 2.75 years; and
- iv. Risk-free interest rate was 1.6%.

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

b) Under its agreement with IMPA, the Group estimated that the fair value of its call option was US\$3,538 thousand (roughly NT\$108,758 thousand) at the date the agreement was signed in November 2018. The revalued fair value at March 31, 2020 was US\$3,162 thousand (roughly NT\$95,602 thousand). The fair values were estimated using the Black-Scholes pricing model under the following assumptions:

- i. The executed price was approximately US\$13,822 thousand (measured by reference to the Flip Date fair value);
- ii. The expected volatility was 18%;
- iii. The expected term of the option was 4.25 years; and
- iv. Risk-free interest rate was 1.6%.

c) The Group entered into a loan agreement with IBT Leasing Co., Ltd., Hotai Finance Co., Ltd., Co-operative Assets Management Co., Ltd., Taichung Bank Leasing Co., Ltd., Shinshin Credit Corporation, SinoPac Leasing Corporation and Jih Sun International Leasing & Finance Co., Ltd.. Notes payable were used by the Group to repay the outstanding principal amount, including interest, in equal installments; as of March 31, 2020, December 31, 2019 and March 31, 2019, the sum of all outstanding installments were \$113,283 thousand, \$187,582 thousand and \$325,326 thousand, including interest amounting to \$2,372 thousand, \$4,308 thousand and \$5,738 thousand, respectively.

d. Preference share liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
Class A preference shares	\$ 41,157	\$ 44,260	\$ 57,221
Less: Current portion	<u>(16,208)</u>	<u>(16,082)</u>	<u>(16,527)</u>
	<u>\$ 24,949</u>	<u>\$ 28,178</u>	<u>\$ 40,694</u>

1) Class A preference shares

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

- a) MEGASIXTEEN, owned by GES USA, entered into a contract with MPC, a non-controlling interest, to setup a startup company, GES AC, in order to carry out the solar energy business and activities through its five limited liability companies; all of those limited liability companies entered into a 25-year sales contract with IMPA for the sale of electricity. As of December 31, 2019, the amount of injection from MPC and MEGASIXTEEN into Class A shares and Class B shares, respectively, are as follows:
 - i. Class A shares: MPC owns 32.41% of GES AC's outstanding ordinary shares, amounting to US\$11,920 thousand (roughly NT\$347,105 thousand). MPC will be given priority to receive 0.65% of the accumulated cash dividends with a fixed asset management fee on a quarterly basis. The Class A shareholders have voting rights and are entitled to 99% of the profit sharing during the first five years of GES AC's business operations.
 - ii. Class B shares: MEGASIXTEEN owns 67.59% of GES AC's outstanding ordinary shares, amounting to US\$24,862 thousand (roughly NT\$723,987 thousand). The Class B shareholders have voting rights, and GES AC's financial management and control remains under the control of Class B shareholders and is subject to a managing member fee. MEGASIXTEEN will receive 1% of the profit sharing during the first five years of GES AC's business operations.

The contract contained a financial liability component, which was not closely related to the host contract, amounting to \$34,949 thousand. The obligation was designated on initial recognition as one to be classified as "Preference shares - current and non-current liabilities". For the three month ended March 31, 2020 and 2019, the Group paid preference share dividends of US\$21 thousand (roughly NT\$648 thousand) and US\$15 thousand (roughly NT\$464 thousand), respectively, which was classified under "Finance costs - Puttable preference shares"; for the three month ended March 31, 2020 and 2019, the Group paid the agreed amount in the form of cash dividends and a fixed asset management fee of US\$79 thousand (roughly NT\$2,390 thousand) and US\$79 thousand (roughly NT\$2,446 thousand) as repayments of Class A preference shares. Cash dividends of US\$79 thousand (roughly NT\$2,390 thousand) and US\$79 thousand (roughly NT\$2,446 thousand) were not yet paid out by the Group, and this was classified under "Other payables".

Five limited liability companies within GES AC estimated the fair value of total shareholdings to be US\$12,274 thousand (roughly NT\$371,036 thousand) and US\$13,433 thousand (roughly NT\$412,941 thousand), as of March 31, 2020 and 2019, respectively; the fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data; therefore the entities made estimates and judgments about their fair values using an income approach defined as using Level 3 inputs under IFRS 13 fair value measurement standards. The fair values using the Level 3 fair value measurement standards were estimated using the following significant assumptions:

- i. A discount rate of 6.5% and 7%, respectively;

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

MEGASIXTEEN has the preferred rights to repurchase all Class A shares at the higher of the fair value or 5.5% of the amount of capital injection by MPC which is the value applicable under the contract; MEGASIXTEEN is expected to have such rights for a certain period of time starting from the flip date (December 2022). The long call option is estimated at a fair value of US\$3,948 thousand (roughly NT\$117,840 thousand) and reevaluated at a fair value of US\$3,345 thousand (roughly NT\$101,133 thousand) at March 31, 2020, using the Black-Scholes pricing model with the following significant assumptions:

- i. The executed price of approximately US\$656 thousand (measured by reference to the flip date fair value);
- ii. The expected volatility of 17.5%;
- iii. The expected term of the option of 2.75 years; and
- iv. A risk-free interest rate of 1.6%.

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

- b) GES USA had injected capital in TEV II, and owned 50% legal right, and reinvested into TEV Solar to own 100% equity. In order to carry out the solar energy business and activities through its three limited liability companies, GES USA entered into a contract with ACS, a non-controlling interest, to setup a startup company, AC GES Solar; all of those limited liability companies entered into a 25-year sales contract with IMPA for the sale of electricity. As of December 31, 2019, the amount of injection from ACS and TEV solar into Class A shares and Class B shares, respectively, are as follows:
 - i. Class A shares: ACS owns 33.81% of AC GES Solar's outstanding ordinary shares, amounting to US\$10,051 thousand (roughly NT\$308,970 thousand). ACS will be given priority to receive 0.675% of the accumulated cash dividends with a fixed asset management fee on a quarterly basis. The Class A shareholders have voting rights and are entitled to 99% of the profit sharing during the first five and half years of AC GES Solar's business operations.
 - ii. Class B shares: TEV solar owns 66.19% of AC GES Solar's outstanding ordinary shares, amounting to US\$19,674 thousand (roughly NT\$604,780 thousand). The Class B shareholders have voting rights, and AC GES Solar's financial management and control remains under the control of Class B shareholders and is subject to a managing member fee. TEV solar will receive 1% of the profit sharing during the first five and half years of AC GES Solar's business operations.

The contract contained a financial liability component, which was not closely related to the host contract, amounting to \$33,756 thousand. The obligation was designated on initial recognition as one to be classified as “Preference shares - current and non-current liabilities”. For the three month ended March 31, 2020 and 2019, the Group paid preference share dividends of US\$14 thousand (roughly NT\$409 thousand) and US\$7 thousand (roughly NT\$220 thousand), which was classified under “Finance costs - Puttable preference shares”; the Group paid the agreed amount in the form of cash dividends and a fixed asset management fee of US\$138 thousand (roughly NT\$4,142 thousand) as repayments of Class A preference shares. Cash dividends of US\$138 thousand (roughly NT\$4,142 thousand) was not yet paid out by the Group, and this was classified under “Other payables”.

Three limited liability companies within AC GES Solar estimated the fair value of total shareholdings to be US\$14,630 thousand (roughly NT\$442,260 thousand) as of March 31, 2020; the fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data; therefore the entities made estimates and judgments about their fair values using an income approach defined as using Level 3 inputs under IFRS 13 fair value measurement standards. The fair values using the Level 3 fair value measurement standards were estimated using the following significant assumptions:

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

TEV Solar has the preferred rights to repurchase all Class A shares at the higher of the fair value or 7% of the amount of capital injection by ACS which is the value applicable under the contract; TEV Solar is expected to have such rights for a certain period of time starting from the flip date (June 2024). The long call option is estimated at a fair value of US\$4,149 thousand (roughly NT\$127,543 thousand) at November 2018. The revalued fair value at March 31, 2020 was US\$4,289 thousand (roughly NT\$129,658 thousand), using the Black-Scholes pricing model with the following significant assumptions:

- i. The executed price of approximately US\$704 thousand (measured by reference to the flip date fair value);
- ii. The expected volatility of 18%;
- iii. The expected term of the option of 4.3 years; and
- iv. A risk-free interest rate of 1.6%.

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

For the three month ended March 31, 2020 and 2019, the Group recognized \$3,884 thousand and \$1,973 thousand loss on financial assets at fair value through profit or loss, which was classified under “Loss on financial (liabilities) assets at fair value through profit or loss”.

21. BONDS PAYABLE

	March 31, 2020	December 31, 2019	March 31, 2019
Secured overseas convertible bonds (a)	\$ -	\$ -	\$ 3,646,883
Less: Current portion	<u>-</u>	<u>-</u>	<u>(3,646,883)</u>
	<u>\$ -</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.

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

	Host Liability Instrument		Conversion Option and Derivative Instrument of Redemption Option	
	US\$	NT\$	US\$	NT\$
Date of issue	\$ 111,553	\$ 3,518,939	\$ 5,532	\$ 174,728
Rate adjusted	-	81,974	-	8
Interest charged at an effective interest rate	631	20,244	-	-
Accrued interest payable	(160)	(5,119)	-	-
Gain due to changes in fair value	<u>-</u>	<u>-</u>	<u>(5,520)</u>	<u>(174,349)</u>
Balance at December 31, 2016	112,024	3,616,038	12	387
Rate adjusted	-	(273,624)	-	-
Interest charged at an effective interest rate	3,627	109,977	-	-
Accrued interest payable	(903)	(27,380)	-	-
Gain due to changes in fair value	<u>-</u>	<u>-</u>	<u>(12)</u>	<u>(387)</u>
Balance at December 31, 2017	114,748	3,425,011	-	-
Rate adjusted	-	103,951	-	-
Interest charged at an effective interest rate	3,744	112,981	-	-
Accrued interest payable	(909)	(27,446)	-	-
Balance at December 31, 2018	117,583	3,614,497	-	-
Rate adjusted	-	38,873	-	-
Interest charged at an effective interest rate	3,170	98,409	-	-
Accrued interest payable	(753)	(23,379)	-	-
Repayments of bond payables	<u>(120,000)</u>	<u>(3,728,400)</u>	<u>-</u>	<u>-</u>
Balance at October 27, 2019	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

The bonds payable was repaid in October 2019.

The assets pledged as collaterals for bonds payable are shown in Note 36.

22. ACCRUED EXPENSES AND OTHER LIABILITIES

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Accrued expenses</u>			
Loss on contracts	\$ 278,990	\$ 278,990	\$ 260,480
Salaries	115,117	140,062	197,120
Bonus	37,500	149,646	64,289
Others	<u>691,031</u>	<u>745,044</u>	<u>1,343,326</u>
	<u>\$ 1,122,638</u>	<u>\$ 1,313,742</u>	<u>\$ 1,865,215</u>
<u>Other liabilities</u>			
Advanced receipts from customers	\$ 60,723	\$ 60,706	\$ 82,041
Deferred revenue	53,471	53,826	57,693
Others	<u>7,923</u>	<u>9,414</u>	<u>13,282</u>
	<u>\$ 122,117</u>	<u>\$ 123,946</u>	<u>\$ 153,016</u>
Current	\$ 67,642	\$ 69,372	\$ 95,324
Non-current	<u>54,475</u>	<u>54,574</u>	<u>57,692</u>
	<u>\$ 122,117</u>	<u>\$ 123,946</u>	<u>\$ 153,016</u>

23. PROVISIONS

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Non-current</u>			
Warranties	<u>\$ 180,996</u>	<u>\$ 176,069</u>	<u>\$ 141,167</u>

	For the Three Months Ended March 31	
	2020	2019
<u>Warranties</u>		
Balance at January 1	\$ 176,069	\$ 305,138
Additions	4,969	15,190
Reversals	-	(179,237)
Usage	-	(16)
Translation adjustments	<u>(42)</u>	<u>92</u>
Balance at March 31	<u>\$ 180,996</u>	<u>\$ 141,167</u>

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

24. RETIREMENT BENEFIT PLANS

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

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

25. EQUITY

a. Share capital

1) Ordinary shares

	March 31, 2020	December 31, 2019	March 31, 2019
Number of shares authorized (in thousands)	<u>3,200,000</u>	<u>3,200,000</u>	<u>3,200,000</u>
Amount of shares authorized	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>	<u>\$ 32,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>2,665,113</u>	<u>2,665,338</u>	<u>2,515,348</u>
Shares issued	<u>\$ 26,651,126</u>	<u>\$ 26,653,375</u>	<u>\$ 25,153,495</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 increase its capital by an issuance of up to 380,000 thousand shares through private-placement shares, which was also subject to approval by the shareholders in their meeting on March 28, 2018. On October 1, 2018, the Corporation's board of directors approved an increase of its capital by \$2,781,307 thousand through a private placement of 334,292 thousand new ordinary shares at \$8.32 per share with the effective date on October 15, 2018. The private-placement shares expired on March 27, 2019. On May 6, 2019, the Corporation's board of directors resolved not to continue handling the issuance of 45,708 thousand unqualified shares through private-placement shares.

To integrate the overall resources and to improve the operational efficiency of the Group, on February 22, 2019, the Corporation's board of directors approved to sign a simplified merger agreement with 100% sharing subsidiary, GES, according to Article 19 of the Corporate Mergers and Acquisitions Act and other relevant laws and regulations, with the Corporation as the surviving company and GES as the extinct company after the merger (the "merger"). Considering that the entire issued share capital of GES was held by the Corporation, the share capital of GES held by the Corporation was cancelled at no cost on the date of the merger. In the merger, the Corporation does not need to pay in exchange of shares. The date of the merger was March 31, 2019.

As of June 14, 2019, the Corporation's board of directors approved the issuance of 150,000 thousand ordinary shares for cash through a fixed-price system. The Corporation's total amount of capital was \$ 26,655,774 thousand after the capital increase. Ordinary shares were issued at \$6.52 per share with a par value of \$10. The above issuance was approved by FSC on August 13, 2019, and the effective date on December 10, 2019.

On March 26, 2020, the Corporation's board of directors approved to process a \$4,000,000 thousand capital increase to meet the strategy of the Corporation. The Corporation's total amount of capital will be \$36,000,000 thousand after the capital increase. The number of ordinary shares with a par value of \$10 is 3,600,000 thousand shares. The capital increase is subject to resolution in the shareholders' meeting expected to be held on June 22, 2020.

On June 17, 2019, the Corporation's shareholders' meeting approved an increase of its capital through a private placement of up to 250,000 thousand new ordinary shares. As the rights to the issuance will expire and the Corporation had not assigned the qualified subscriber, the Corporation's board of directors approved to discontinue the private placement on March 26, 2020.

b. Capital surplus

	March 31, 2020	December 31, 2019	March 31, 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Share premiums	\$ 113,539	\$ 113,539	\$ 963,007
May only be used to offset a deficit (2)			
Share of change in equity interests of associates and joint ventures	-	-	42,000
Share premiums - employee restricted shares	6,452	6,452	-
Share premiums - employee share options	3,638	3,638	-
May not be used for any purpose			
Arising from employee restricted shares	<u>(4,340)</u>	<u>(4,640)</u>	<u>6,118</u>
	<u>\$ 119,289</u>	<u>\$ 118,989</u>	<u>\$ 1,011,125</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Group has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Group's capital surplus and once a year).
 - 2) Such capital surplus arises from changes in equity interests of associates and joint ventures and the adjustments for the capital surplus generated from employee restricted shares and employee share options when they expired.
- c. Retained earnings and dividend policy

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

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

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

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

The offset of accumulated deficit for 2019 and 2018 had been proposed by the Corporation's board of directors on March 26, 2020 and had been approved in the shareholders' meeting on June 17, 2019, respectively. The information was as follows:

	<u>Offset of Accumulated Deficits</u>	
	<u>For the Year Ended December 31</u>	
	2019	2018
Offset of Accumulated Deficits with capital surplus	<u>\$ 123,629</u>	<u>\$ 369,468</u>

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

Unrealized gain on financial assets at FVTOCI

	For the Three Months Ended March 31	
	2020	2019
Balance at January 1	\$ 283,492	\$ (527,897)
Recognized during the period		
Unrealized gain - equity instruments	(534,090)	143,874
Disposal of equity instruments cumulative gains and losses transfer to retained earnings	<u>-</u>	<u>7,968</u>
Balance at March 31	<u>\$ (250,598)</u>	<u>\$ (376,055)</u>

e. Treasury shares

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

Name of Subsidiary	Number of Shares Held (In Thousands of Shares)	Carrying Amount	Market Price
<u>March 31, 2020</u>			
Utech	1,883	<u>\$ 18,699</u>	<u>\$ 8,909</u>
<u>December 31, 2019</u>			
Utech	1,883	<u>\$ 18,699</u>	<u>\$ 14,427</u>
<u>March 31, 2019</u>			
Utech	1,883	<u>\$ 18,699</u>	<u>\$ 18,835</u>

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

26. REVENUE

For the Three Months Ended March 31, 2020

	Reportable Segments				
	Modules	Solar Cells	Power Facilities	Others	Total
Revenue from contracts with customers					
Revenue from the sale of goods	\$ 2,200,912	\$ 358,626	\$ -	\$ 1,513	\$ 2,561,051
Revenue from construction	-	-	140,034	-	140,034
Revenue from the sale of power facilities	-	-	18,652	-	18,652
Revenue from other activities	<u>-</u>	<u>25,891</u>	<u>156,602</u>	<u>81,973</u>	<u>264,466</u>
	2,200,912	384,517	315,288	83,486	2,984,203
Revenue from other operating activities	<u>-</u>	<u>-</u>	<u>2,650</u>	<u>-</u>	<u>2,650</u>
	<u>\$ 2,200,912</u>	<u>\$ 384,517</u>	<u>\$ 317,938</u>	<u>\$ 83,486</u>	<u>\$ 2,986,853</u>

For the Three Months Ended March 31, 2019

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

a. Contract balances

	March 31, 2020	December 31, 2019	March 31, 2019
Notes and accounts receivable (Note 10)	<u>\$ 2,472,827</u>	<u>\$ 2,575,586</u>	<u>\$ 3,262,236</u>
Contract assets			
Power facilities construction contracts	\$ 259,113	\$ 483,247	\$ 163,272
Less: Allowance for impairment loss	-	-	-
Contract assets - current	<u>\$ 259,113</u>	<u>\$ 483,247</u>	<u>\$ 163,272</u>
Contract liabilities			
Sale of goods	\$ 719,864	\$ 253,899	\$ 371,574
Power facilities construction contracts	23,434	42,777	102,188
Power facilities sales contracts	<u>54,101</u>	<u>27,156</u>	<u>-</u>
Contract liabilities - current	<u>\$ 797,399</u>	<u>\$ 323,832</u>	<u>\$ 473,762</u>

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

	For the Three Months Ended March 31	
	2020	2019
Contract assets		
Transfers of beginning balance to receivables	<u>\$ 60,519</u>	<u>\$ 28,057</u>

Revenue of the reporting period recognized from the beginning contract liability:

	For the Three Months Ended March 31	
	2020	2019
From the beginning contract liability		
Sale of goods	\$ 146,488	\$ 216,622
Power facilities construction contracts	15,153	16,035
Power facilities sales contracts	<u>106</u>	<u>-</u>
	<u>\$ 161,747</u>	<u>\$ 232,657</u>

b. Disaggregation of revenue

	For the Three Months Ended March 31	
	2020	2019
Geographical markets		
Taiwan	\$ 1,427,618	\$ 1,349,122
Vietnam	401,310	169,986
America	241,430	133,370
Germany	190,280	708,177
India	173,521	778,492
Others	<u>550,044</u>	<u>1,158,140</u>
	<u>\$ 2,984,203</u>	<u>\$ 4,297,287</u>
Timing of revenue recognition		
Satisfied at a point in time	\$ 2,838,495	\$ 4,147,691
Satisfied over time	<u>145,708</u>	<u>149,596</u>
	<u>\$ 2,984,203</u>	<u>\$ 4,297,287</u>

c. Partially completed contracts

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

	March 31, 2020
Power facilities construction contracts - in 2020	<u>\$ 249,604</u>

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

27. COMPREHENSIVE INCOME (LOSS)

a. Other income and expenses

	For the Three Months Ended March 31	
	2020	2019
Loss on disposal of property, plant and equipment	\$ (985)	\$ (7,339)
Others	<u>2</u>	<u>-</u>
	<u>\$ (983)</u>	<u>\$ (7,339)</u>

b. Interest income and other income

	For the Three Months Ended March 31	
	2020	2019
Interest income		
Puttable preference shares	\$ 2,802	\$ 2,825
Bank deposits	1,578	1,843
Financing provided to related parties	-	2,175
Others	<u>4</u>	<u>4</u>
	<u>\$ 4,384</u>	<u>\$ 6,847</u>
Other income		
Rental income	\$ 9,504	\$ 6,998
Others	<u>6,790</u>	<u>23,862</u>
	<u>\$ 16,294</u>	<u>\$ 30,860</u>

c. Finance costs

	For the Three Months Ended March 31	
	2020	2019
Interest on bank loans	\$ 152,780	\$ 165,833
Interest on convertible bonds	-	29,390
Others	<u>33,489</u>	<u>24,805</u>
	<u>\$ 186,269</u>	<u>\$ 220,028</u>

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2020	2019
Property, plant and equipment	\$ 553,896	\$ 968,859
Right-of-use assets	22,109	21,377
Intangible assets	<u>2,392</u>	<u>5,722</u>
	<u>\$ 578,397</u>	<u>\$ 995,958</u>
An analysis of depreciation by function		
Operating costs	\$ 491,295	\$ 935,188
Operating expenses	<u>84,710</u>	<u>55,048</u>
	<u>\$ 576,005</u>	<u>\$ 990,236</u>
An analysis of amortization by function		
Operating costs	\$ 959	\$ -
Operating expenses	<u>1,433</u>	<u>5,722</u>
	<u>\$ 2,392</u>	<u>\$ 5,722</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2020	2019
Post-employment benefits (Note 24)		
Defined contribution plans	\$ 14,131	\$ 13,203
Share-based payments		
Equity-settled share-based payments	3,805	976
Other employee benefits	<u>424,970</u>	<u>483,364</u>
Total employee benefits expense	<u>\$ 442,906</u>	<u>\$ 497,543</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 266,112	\$ 307,382
Operating expenses	<u>176,794</u>	<u>190,161</u>
	<u>\$ 442,906</u>	<u>\$ 497,543</u>

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

The amendments stipulate distribution of employees' compensation and remuneration of directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The Corporation incurred deficits for the three months ended March 31, 2020 and 2019 as well as the years ended December 31, 2019 and 2018; thus, neither compensation to employees nor remuneration of directors was estimated.

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

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

28. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	For the Three Months Ended March 31	
	2020	2019
Current tax		
In respect of the current period	\$ (7,155)	\$ (39,834)
Adjustments for prior periods	<u>-</u>	<u>-</u>
Income tax expense recognized in profit or loss	<u>\$ (7,155)</u>	<u>\$ (39,834)</u>

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2020	2019
Deferred tax		
In respect of the current year		
Exchange differences on translating foreign operations	<u>\$ -</u>	<u>\$ (6,750)</u>

c. Income tax assessments

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

29. LOSS PER SHARE

Unit: NT\$ Per Share

	For the Three Months Ended March 31	
	2020	2019
Basic loss per share	<u>\$ (0.26)</u>	<u>\$ (0.26)</u>
Diluted loss per share	<u>\$ (0.26)</u>	<u>\$ (0.26)</u>

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

Net loss for the period

	For the Three Months Ended March 31	
	2020	2019
Loss for the period attributable to shareholders of the parent	\$ (699,945)	\$ (661,163)
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds (after tax)	-	-
Loss used in the computation of diluted loss per share	<u>\$ (699,945)</u>	<u>\$ (661,163)</u>

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

	For the Three Months Ended March 31	
	2020	2019
Weighted average number of ordinary shares used in the computation of basic and diluted loss per share	<u>2,660,243</u>	<u>2,508,624</u>

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

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

30. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted share plan for employees

No employee restricted shares were granted for the three months ended March 31, 2020 and 2019.

Information on issued employee restricted shares was as follows:

	<u>Shares (In Thousands)</u>	
	<u>For the Three Months Ended</u>	
	<u>March 31</u>	
	<u>2020</u>	<u>2019</u>
Beginning balance	3,212	5,252
Canceled	<u>(225)</u>	<u>(411)</u>
Ending balance	<u><u>2,987</u></u>	<u><u>4,841</u></u>

The Group recognized compensation costs of \$3,805 thousand and \$1,817 thousand for the three months ended March 31, 2020 and 2019, respectively.

31. DISPOSAL OF SUBSIDIARIES

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

a. Consideration received from the disposal

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

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

	<u>March 31,</u> <u>2019</u> <u>USA</u>
Current assets	
Others	\$ 5,653
Non-current assets	
Property, plant and equipment	719,242
Others	19,458
Non-current liabilities	
Long-term bank loans	<u>(192,767)</u>
Net assets disposed of	<u><u>\$ 551,586</u></u>

c. Gain on disposals of subsidiaries

**For the Three
Months Ended
March 31, 2019**
USA

Consideration received	\$ 747,551
Realized gain	16,808
Net assets disposed of	<u>(551,586)</u>
Gain on disposal	<u>\$ 212,773</u>

d. Net cash inflow on disposal of subsidiaries

**For the Three
Months Ended
March 31, 2019**
USA

Consideration received in cash and cash equivalents	<u>\$ 747,551</u>
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32. CASH FLOW INFORMATION

a. Changes in liabilities arising from financing activities

For the three months ended March 31, 2020

	Opening Balance	Cash Flows	Non-cash Changes				Closing Balance
			Exchange Rate Changes	New Leases	Rent Reductions Surrender of Tenancy	Others (Note)	
Lease liabilities	<u>\$ 1,018,299</u>	<u>\$ (20,979)</u>	<u>\$ (2,128)</u>	<u>\$ 4,460</u>	<u>\$ (128)</u>	<u>\$ 8,706</u>	<u>\$ 1,008,230</u>

For the three months ended March 31, 2019

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

Note: The financing costs of lease liabilities.

33. CAPITAL MANAGEMENT

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

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

34. FINANCIAL INSTRUMENTS

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

March 31, 2020

	Carrying Amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets</u>					
Lease receivables (including current and non-current portions)	\$ 35,294	\$ -	\$ -	\$ 35,294	\$ 35,294

December 31, 2019

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

March 31, 2019

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

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

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

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

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

1) Fair value hierarchy

March 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Long call options	\$ -	\$ -	\$ 230,791	\$ 230,791
Cross currency swap contracts	-	<u>4,935</u>	-	<u>4,935</u>
	<u>\$ -</u>	<u>\$ 4,935</u>	<u>\$ 230,791</u>	<u>\$ 235,726</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 1,797,470	\$ 100,730	\$ -	\$ 1,898,200
Domestic unlisted shares	-	-	73,181	73,181
Foreign unlisted shares	-	-	<u>20,426</u>	<u>20,426</u>
	<u>\$ 1,797,470</u>	<u>\$ 100,730</u>	<u>\$ 93,607</u>	<u>\$ 1,991,807</u>
Financial liabilities at FVTPL				
Short call options	\$ -	\$ -	\$ 135,640	\$ 135,640
Foreign exchange forward contracts	-	<u>2,818</u>	-	<u>2,818</u>
	<u>\$ -</u>	<u>\$ 2,818</u>	<u>\$ 135,640</u>	<u>\$ 138,458</u>

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Long call options	\$ -	\$ -	\$ 232,865	\$ 232,865
Cross currency swap contracts	-	2,392	-	2,392
Put options	-	-	<u>35,514</u>	<u>35,514</u>
	<u>\$ -</u>	<u>\$ 2,392</u>	<u>\$ 268,379</u>	<u>\$ 270,771</u>
Financial assets at FVTOCI				
Investments in equity instruments at FVTOCI				
Securities listed in the ROC	\$ 2,287,336	\$ 141,539	\$ -	\$ 2,428,875
Domestic unlisted shares	-	-	76,595	76,595
Foreign unlisted shares	-	-	<u>20,426</u>	<u>20,426</u>
	<u>\$ 2,287,336</u>	<u>\$ 141,539</u>	<u>\$ 97,021</u>	<u>\$ 2,525,896</u>
Financial liabilities at FVTPL				
Short call options	\$ -	\$ -	\$ 143,814	\$ 143,814
Foreign exchange forward contracts	-	<u>755</u>	-	<u>755</u>
	<u>\$ -</u>	<u>\$ 755</u>	<u>\$ 143,814</u>	<u>\$ 144,569</u>

March 31, 2019

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

There were no transfers between Level 1 and 2 for the three months ended March 31, 2020 and 2019.

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

For the three months ended March 31, 2020

	<u>Financial Assets at Fair Value Through Profit or Loss</u>		<u>Financial Assets at Fair Value Through Other Comprehensive Income</u>
	<u>Long Call Options</u>	<u>Put Options</u>	<u>Equity Instruments</u>
<u>Financial assets</u>			
Balance at January 1, 2020	\$ 232,865	\$ 35,514	\$ 97,021
Recognized in profit or loss - unrealized	(3,884)	-	(3,414)
Disposal	-	(35,654)	-
Effect of exchange rate changes	<u> 1,810</u>	<u> 140</u>	<u> -</u>
Balance at March 31, 2020	<u>\$ 230,791</u>	<u>\$ -</u>	<u>\$ 93,607</u>
			<u>Financial Liabilities at Fair Value Through Profit or Loss</u>
			<u>Short Call Options</u>
<u>Financial liabilities</u>			
Balance at January 1, 2020			\$ 143,814
Recognized in profit or loss - unrealized			(9,264)
Effect of exchange rate changes			<u> 1,090</u>
Balance at March 31, 2020			<u>\$ 135,640</u>

For the three months ended March 31, 2019

	Financial Assets at Fair Value Through Profit or Loss Long Call Options	Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments
<u>Financial assets</u>		
Balance at January 1, 2019	\$ 243,130	\$ 135,751
Recognized in profit or loss - unrealized	(1,973)	(615)
Effect of exchange rate changes	<u>2,696</u>	<u>-</u>
Balance at March 31, 2019	<u>\$ 243,853</u>	<u>\$ 135,136</u>
		Financial Liabilities at Fair Value Through Profit or Loss Short Call Options
<u>Financial liabilities</u>		
Balance at January 1, 2019		\$ 191,790
Recognized in profit or loss - unrealized		1,768
Effect of exchange rate changes		<u>(982)</u>
Balance at March 31, 2019		<u>\$ 192,576</u>

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

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

a) Put options

The Black-Scholes model was used to determine the fair value of the put options redeemed, and the most significant unobservable input was volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value of these put options. As of December 31, 2019, the volatility used was 38.58%.

Sensitivity analysis

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

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
For the year ended				
<u>December 31, 2019</u>				
Financial assets at fair value				
through profit or loss				
Put options	38.58%	+0.5%	\$ 178	-
	38.58%	-0.5%	<u>(178)</u>	-
			<u>\$ -</u>	

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

b) Long call options and short call options

Long call options and short call options use the options pricing model to determine their fair value, and the most significant unobservable input was volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value of the conversion and redemption options. As of March 31, 2020 and 2019, and December 31, 2019, the volatilities used were 17.00%-18.00%, respectively.

Sensitivity analysis

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

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
<u>For the three months ended March 31, 2020</u>				
Financial liabilities at fair value through profit or loss				
Short call options	17.50%-18.00%	+0.5%	\$ (2,959)	-
	17.50%-18.00%	-0.5%	<u>2,955</u>	-
			<u>\$ (4)</u>	
<u>For the year ended December 31, 2019</u>				
Financial liabilities at fair value through profit or loss				
Short call options	17.50%-18.00%	+0.5%	\$ (3,094)	-
	17.50%-18.00%	-0.5%	<u>3,090</u>	-
			<u>\$ (4)</u>	
<u>For the three months ended March 31, 2019</u>				
Financial liabilities at fair value through profit or loss				
Short call options	17.00%-18.00%	+0.5%	\$ (3,165)	-
	17.00%-18.00%	-0.5%	<u>3,154</u>	-
			<u>\$ (11)</u>	

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

c) Domestic and foreign unlisted shares

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

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

An increase in the volatility used in isolation would result in a decrease in the fair value of these equity instruments. As of March 31, 2020, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 1.5600 and 53.77%, respectively. As of December 31, 2019, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 1.6300 and 38.22%, respectively. As of March 31, 2019, the price multiplier and volatility used to determine the fair value of domestic unlisted shares were 1.9700 and 45.23%, respectively; while the price multiplier and volatility used to determine the fair value of foreign unlisted shares were 1.3100 and 35.06%, respectively.

Sensitivity analysis

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

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
<u>For the three months ended March 31, 2020</u>				
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	1.5600	+5.0%	-	\$ 1,354
	1.5600	-5.0%	-	(1,236)
	53.77%	+1.0%	-	(353)
	53.77%	-1.0%	-	<u>353</u>
				<u>\$ 118</u>
<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>
				(Continued)

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
For the three months ended <u>March 31, 2019</u>				
Financial assets at fair value through other comprehensive income				
Domestic unlisted shares	1.9700	+5.0%	-	\$ 2,119
	1.9700	-5.0%	-	(2,119)
	45.23%	+1.0%	-	(647)
	45.23%	-1.0%	-	647
Foreign unlisted shares	1.3100	+5.0%	-	967
	1.3100	-5.0%	-	(967)
	35.06%	+1.0%	-	(346)
	35.06%	-1.0%	-	<u>349</u>
				<u>\$ 3</u> (Concluded)

d) Conversion and redemption options

The fair values of redemption and conversion options are determined using the binomial tree valuation model where the significant unobservable input is historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value. As of March 31, 2019, the historical volatilities used was 42.53%.

c. Categories of financial instruments

	March 31, 2020	December 31, 2019	March 31, 2019
<u>Financial assets</u>			
FVTPL			
Mandatorily at FVTPL	\$ 235,726	\$ 270,771	\$ 243,853
Financial assets at amortized cost (1)	11,159,331	11,763,132	17,118,868
Financial assets at FVTOCI			
Equity instruments	1,991,807	2,525,896	1,866,349
<u>Financial liabilities</u>			
FVTPL			
Held for trading	138,458	144,569	192,576
Amortized cost (2)	20,951,875	23,306,243	29,937,289

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

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

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currency. The sensitivity analysis included only outstanding foreign currency-denominated monetary items; their translation at the end of the reporting period is adjusted for a 5% change in exchange rates. The sensitivity analysis included cash, accounts receivable, other receivables, short-term bank loans,

accounts payable, other payables and long-term bank loans. A positive number below indicates an increase in profit and other equity associated with the New Taiwan dollar's strengthening 5% against a foreign currency. For a 5% weakening of the New Taiwan dollar against a foreign currency, there would be an equal and opposite impact on profit and other equity and the balances below would be negative.

	USD Impact		EUR Impact		JPY Impact	
	For the Three Months Ended March 31		For the Three Months Ended March 31		For the Three Months Ended March 31	
	2020	2019	2020	2019	2020	2019
Profit (loss)	\$ (22,836)	\$ (46,142)	\$ 10,469	\$ 23,235	\$ (20,109)	\$ (8,308)

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

b) Interest rate risk

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

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

	March 31, 2020	December 31, 2019	March 31, 2019
Fair value interest rate risk			
Financial assets	\$ 1,373,499	\$ 1,404,547	\$ 2,027,923
Financial liabilities	(6,253,533)	(7,071,976)	(10,358,823)
Cash flow interest rate risk			
Financial assets	5,811,001	6,975,027	10,628,585
Financial liabilities	(13,409,196)	(14,968,342)	(15,980,124)

Sensitivity analysis

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

Had interest rates been 1% higher and all other variables been held constant, the Group's profit for the three months ended March 31, 2020 and 2019 would decrease by \$18,995 thousand and \$13,379 thousand, respectively, mainly because of the Group's exposure to interest rates on its variable-rate demand deposits and bank borrowings.

The Group's sensitivity to interest rates decreased during the current period mainly because of the decrease in variable-rate demand deposits.

c) Other price risk

The Group is exposed to equity price risk on financial asset at FVTOCI for the year ended December 31, 2020 and 2019.

Sensitivity analysis

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

If equity prices had been 5% lower, other comprehensive income for the three months ended March 31, 2020 would decrease by \$99,590 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 5% lower, other comprehensive income for the three months ended March 31, 2019 would decrease by \$93,317 thousand, as a result of the changes in fair value of financial assets at FVTOCI.

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

2) Credit risk

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

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

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

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

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

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

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

3) Liquidity risk

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

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

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

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

March 31, 2020

	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 liabilities	\$ 1,030,175	\$ 880,060	\$ 254,247	\$ 159,084
Lease liabilities	7,103	14,196	69,201	1,253,258
Variable interest rate liabilities	406,316	392,901	5,167,795	8,143,724
Fixed interest rate liabilities	<u>705,619</u>	<u>1,064,722</u>	<u>1,578,895</u>	<u>1,970,255</u>
	<u>\$ 2,149,213</u>	<u>\$ 2,351,879</u>	<u>\$ 7,070,138</u>	<u>\$11,526,321</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>\$ 90,500</u>	<u>\$ 405,429</u>	<u>\$ 359,080</u>	<u>\$ 154,168</u>	<u>\$ 100,805</u>	<u>\$ 233,776</u>

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 liabilities	\$ 1,413,740	\$ 498,953	\$ 280,322	\$ 122,315
Variable interest rate liabilities	423,600	1,296,249	1,775,763	12,282,550
Fixed interest rate liabilities	281,019	4,388,161	1,043,784	369,518
Lease liabilities	<u>7,627</u>	<u>15,633</u>	<u>64,777</u>	<u>1,340,979</u>
	<u>\$ 2,125,986</u>	<u>\$ 6,198,996</u>	<u>\$ 3,164,646</u>	<u>\$14,115,362</u>

Additional information about the maturity analysis for lease liabilities:

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

March 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 liabilities	\$ 1,870,798	\$ 2,198,415	\$ 491,976	\$ 88,053
Lease liabilities	7,518	15,035	66,661	1,423,521
Variable interest rate liabilities	721,885	1,363,029	5,349,100	9,172,692
Fixed interest rate liabilities	<u>288,589</u>	<u>2,361,338</u>	<u>4,682,929</u>	<u>2,370,377</u>
	<u>\$ 2,888,790</u>	<u>\$ 5,937,817</u>	<u>\$10,590,666</u>	<u>\$13,054,643</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>\$ 89,214</u>	<u>\$ 420,486</u>	<u>\$ 433,404</u>	<u>\$ 206,569</u>	<u>\$ 111,383</u>	<u>\$ 251,679</u>

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

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

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

March 31, 2020

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Foreign exchange forward contracts	\$ -	\$ -	\$ 2,818	\$ -
Short call options	<u>-</u>	<u>-</u>	<u>-</u>	<u>135,640</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,818</u>	<u>\$ 135,640</u>

December 31, 2019

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

March 31, 2019

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

35. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Corporation and its subsidiaries (the Corporation's related parties) had been eliminated on consolidation and are not disclosed in this note. In addition to those disclosed in other notes, transactions between the Group and its related parties are disclosed below.

a. Names and relationships of related parties

Name of Related Parties	Relationship with the Group
Delta Electronics Inc. (Delta Company)	Investors with significant influence on certain group entities (Note 1)
Delta Electronics (Americas) Ltd.	Other related parties (Note 1)
Delta Greentech Ltd. - Turkey	Other related parties (Note 1)
Phanes FZ LLC	Other related parties (Note 2)
Phanes Holding	Other related parties (Note 2)
Oryx Solar System Solutions LLC	Other related parties (Note 2)
TTMC	Other related parties
SAS	Other related parties
TSCC	Other related parties
TGET	Other related parties
Clean Focus Management Acquisition LLC	Other related parties (Note 3)
Neo Cathay	Associates
Neo Cathay Electric Power Corp. (Neo Cathay Electric)	Associates (Note 4)
DSET	Associates
Si One Corp. (Si One)	Associates (Note 4)
Da Li Energy Co., Ltd. (Da Li Energy)	Associates (Note 4)
Yong Han Ltd. (Yong Han)	Associates (Note 4)
Yun Yeh Energy Inc. (Yun Yeh)	Associates (Note 4)
CFY	Other related parties (Note 5)
Clean Focus Corporation (CFC)	Other related parties (Note 5)
CF Gainesville Owner One, LLC	Other related parties (Note 5)
CF SBC Owner One LLC	Other related parties (Note 5)
CF Lessee LOB LLC	Other related parties (Note 5)
Verde Solar Inc.	Other related parties (Note 5)
V5 Technology	Associates
Gintung	Associates
Sunshine PV	Associates (Note 6)
DevCo One	Joint venture
DevCo Two	Joint venture
JV2	Joint venture

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

Note 2: Phanes Holding issued puttable preference shares, which were acquired by the Group on December 18, 2015, so that it meets the definition of other related parties. Phanes Holding's subsidiaries were disclosed as other related parties as well.

Note 3: Same directors with CFGP, so that meet the definition of other related parties.

Note 4: The associates were Neo Cathay's subsidiaries.

Note 5: The Group disposed of CFY's shares in January 2020. The Corporation has the same directors with CFY; therefore, CFY and its subsidiaries are listed as other related parties.

Note 6: 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 Three Months Ended March 31	
	2020	2019
Associates	\$ 139,981	\$ 151,533
Other related parties	<u>2,309</u>	<u>11,210</u>
	<u>\$ 142,290</u>	<u>\$ 162,743</u>

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

c. Other income

	For the Three Months Ended March 31	
	2020	2019
Other related parties	\$ 5	\$ 904
Associates		
Sunshine PV	-	6,573
Others	<u>687</u>	<u>2,008</u>
	<u>\$ 692</u>	<u>\$ 9,485</u>

d. Interest income

	For the Three Months Ended March 31	
	2020	2019
Other related parties		
Phanes Holding	\$ 2,802	\$ 2,825
Associates		
CFY	-	1,382
Sunshine PV	<u>-</u>	<u>793</u>
	<u>\$ 2,802</u>	<u>\$ 5,000</u>

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

e. Purchase of goods

	For the Three Months Ended March 31	
	2020	2019
Other related parties	\$ 44,027	\$ 964

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

f. Other expenses

**For the Three Months Ended
March 31**

	2020	2019
Associates	<u>\$ 481</u>	<u>\$ -</u>

g. Accounts receivable

	March 31, 2020	December 31, 2019	March 31, 2019
Associates			
Si One	\$ 153,538	\$ 25,559	\$ -
Da Li Energy	4,093	119,371	-
CFC	-	280,111	471,207
Verde Solar Inc.	-	82,981	85,277
Others	23,252	15,911	4,807
Other related parties			
CFC	239,676	-	-
Verde Solar Inc.	83,631	-	-
Others	2,436	-	-
Less: Allowance for impairment loss			
Associates	(18)	(8,464)	(25,555)
Other related parties	<u>(18,505)</u>	<u>-</u>	<u>-</u>
	<u>\$ 488,103</u>	<u>\$ 515,469</u>	<u>\$ 535,736</u>

The outstanding trade receivables from related parties are unsecured.

h. Other receivables

	March 31, 2020	December 31, 2019	March 31, 2019
Associates			
CFC	\$ -	\$ 320,566	\$ 113,447
CF Lessee LOB LLC	-	836	369,734
CFY	-	-	135,623
Others	2,090	634	25,112
Other related parties			
CFY	695,961	-	-
CFC	320,055	-	-
Clean Focus Management Acquisition LLC	181,421	183,755	188,840
CF Lessee LOB LLC	842	-	-
Others	23,807	20,997	14,343
Joint ventures			
DevCo One	154,601	153,166	156,980
Others	11,487	11,398	11,713
Less: Allowance for impairment loss			
Joint ventures	(11,487)	(11,398)	-
Associates	<u>-</u>	<u>-</u>	<u>(16,544)</u>
	<u>\$ 1,378,777</u>	<u>\$ 679,954</u>	<u>\$ 999,248</u>

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

The outstanding receivables from related parties were unsecured.

i. Contract assets

	March 31, 2020	December 31, 2019	March 31, 2019
Associates			
Si One	\$ 162,734	\$ 364,151	\$ 45,907
Da Li Energy	61,366	50,967	66,968
Yong Han	<u>28,263</u>	<u>45,940</u>	<u>43,166</u>
	<u>\$ 252,363</u>	<u>\$ 461,058</u>	<u>\$ 156,041</u>

For the three months ended March 31, 2020 and 2019, no impairment loss was recognized for contract assets from related parties.

j. Prepayments

	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties			
SAS	<u>\$ 1,116,808</u>	<u>\$ 1,117,975</u>	<u>\$ 1,118,451</u>

k. Accounts payable

	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties			
SAS	\$ 12,372	\$ 6,652	\$ -
TSCC	-	-	751
Associates	<u>505</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,877</u>	<u>\$ 6,652</u>	<u>\$ 751</u>

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

l. Contract liabilities

	March 31, 2020	December 31, 2019	March 31, 2019
Associates			
Si One	\$ 44,966	\$ 32,588	\$ 79,715
Others	18,515	7,083	22,534
Other related parties	<u>11</u>	<u>11</u>	<u>13</u>
	<u>\$ 63,492</u>	<u>\$ 39,682</u>	<u>\$ 102,262</u>

m. Payables to contractors and equipment suppliers

	March 31, 2020	December 31, 2019	March 31, 2019
Other related parties	\$ -	\$ 964	\$ -
Investors with significant influence	<u>-</u>	<u>-</u>	<u>8,685</u>
	<u>\$ -</u>	<u>\$ 964</u>	<u>\$ 8,685</u>

n. Other accrued expenses

	March 31, 2020	December 31, 2019	March 31, 2019
Associates	\$ -	\$ 600	\$ 249,079
Joint ventures			
DevCo One	140,049	138,960	142,805
Other related parties	<u>4,867</u>	<u>4,229</u>	<u>25,597</u>
	<u>\$ 144,916</u>	<u>\$ 143,789</u>	<u>\$ 417,481</u>

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

o. Disposal of long-term equity investment using equity method

For the three months ended March 31, 2020

Related Party Category/Name	Number of Shares	Transaction Subjects	Proceeds	Gain (Loss) on Disposal
Other related parties				
CFY	9,672	Securities/ Put options	<u>\$ 1,649,963</u>	<u>\$ 253,480</u>

The Group exercised CFY's put option at the first quarter of 2020. The Group recognized a total gain on disposal of \$253,480 thousand, which included gain on valuation of put option of \$35,514 thousand in 2019, gain on disposal of investments of \$217,826 thousand and effect of exchange rate changes of \$140 thousand for the three months ended March 31, 2020. The above proceeds from disposal were collected based on the contracts.

p. Disposal of subsidiaries

Refer to note 31 for the details.

q. Endorsements and guarantees

For details on loans to related parties and endorsements and guarantees, refer to note 39.

r. Compensation of key management personnel

	For the Three Months Ended March 31	
	2020	2019
Short-term benefits	\$ 23,308	\$ 26,268
Share-based payments	1,140	323
Post-employment benefits	<u>465</u>	<u>502</u>
	<u>\$ 24,913</u>	<u>\$ 27,093</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.

36. PLEDGED OR MORTGAGED ASSETS

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

	March 31, 2020	December 31, 2019	March 31, 2019
Property, plant and equipment	\$ 12,349,418	\$ 13,226,082	\$ 17,218,502
Restricted assets (classified as other current and non-current assets)	942,319	642,259	3,883,633
Finance assets at fair value through other comprehensive income	1,709,482	2,172,922	1,473,389
Refundable deposits	877,834	911,486	1,000,758
Investments accounted for using the equity method	-	559,639	598,680
Pledged time deposits (classified as other current and non-current assets)	307,440	304,846	930,976
Finance lease receivables (including current and non-current assets)	35,294	35,140	36,608
Power facility construction in progress (classified as inventories)	<u>293,012</u>	<u>290,734</u>	<u>-</u>
	<u>\$ 16,514,799</u>	<u>\$ 18,143,108</u>	<u>\$ 25,142,546</u>

37. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

1) Long-term purchase contracts:

- a) The Group entered into long-term material supply agreements with multiple suppliers of raw material for silicon chip; the longest contract duration is until December 31, 2022. The Group has to make advance payments as guarantee and such suppliers shall meet the supply of materials in accordance with contract terms. As of March 31, 2020, the Group recognized prepayments of USD56,040 thousand (roughly NT\$1,756,151 thousand), EUR8,636 thousand

(roughly NT\$397,190 thousand) shown in the consolidated balance sheet. The Group recognized a reversal of the impairment loss of prepayment of \$0 thousand and \$14,129 thousand because of their supplier liquidation allocation for the three months ended March 31, 2020 and 2019, respectively.

2) Material sell-buy agreements:

As of March 31, 2020, the Group entered into irrevocable sell-buy agreements with several companies.

The information was as follows:

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

3) The Group have obtained orders for power facility construction and contracted the projects out to contractors. The Group entered into construction and material contracts with the contractors with a total contract price of \$3,003,362 thousand and the unpaid amount was \$878,619 thousand as of March 31, 2020.

4) Unused letters of credit amounted to approximately US\$7,363 thousand as of March 31, 2020.

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.

On July 2, 2015, the Group submitted a request to Shanghai International Economic and Trade Arbitration Commission (SHIAC) that CEEG (Nanjing) return the amount of RMB32,060 thousand. The Group recognized all the above mentioned account receivables as a loss. The Group won the proceedings on February 2, 2016. In February 2016, DelSolar Wu Jiang received a total of RMB3,000 thousand from CEEG (Nanjing) through bank drafts and cash payments. On September 18, 2017, DelSolar Wu Jiang received cash of RMB764 thousand from CEEG (Nanjing) through enforcement of court order. 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 SHIAC. 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 CEEG (Shanghai) for bankruptcy and reorganization procedures, and on the same day ruling CEEG (Shanghai) was reorganized. On December 24, 2019, the Group filed a claim with the bankruptcy administrator. On April 23, 2020, the Group acquired the certificate of the obligatory claim from 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) JRC, a subsidiary of the Group, is required to compensate ER Company USD900 thousand due to a consultancy agreement's lawsuit; the judgment was passed in the Dominican General Court. The Group has accrued a probable losses based on accounting conservatism. The litigation case is under appeal with no latest progress.
- 5) The dispute over the buy-sell agreement between DelSolar Wu Jiang and Company CZ, has been filed a petition to Wu Jiang People's Court by DelSolar Wu Jiang for an order of claiming Company CZ's payment of RMB8,798 thousand, a penalty of RMB693 thousand as of February 3, 2017, the penalty from February 4, 2017 to the date of settlement, and the case acceptance fee and has reconciled on June 15, 2017. CZ Company was requested for a payment of RMB7,798 thousand by installment payment, a penalty of RMB872 thousand (as of May 8, 2017) and the case acceptance fee RMB44 thousand. CZ Company did not make payments according to the terms of the payment schedule; hence, DelSolar Wu Jiang has entrusted a law firm to apply for a compulsory enforcement of the award. CZ Company paid the amount of RMB8,487 thousand and will continue to apply to the court for RMB227 thousand, penalty and litigation expense as of December 31, 2018. The judgement of Taichou Intermediate People's court on August 7, 2019 was to accept the liquidation of bankruptcy application. Hence, DelSolar Wujiang has claimed declaration to the administrator on November 27, 2019. On April 7, 2020, DelSolar Wujiang acquired the certificate of the obligatory claim from the bankruptcy administrator.
- 6) The Corporation entered into a gas distribution agreement with EQ Company on May 1, 2011. The agreement stated that EQ Company would provide nitrogen, pure oxygen and other gases to GEC factories located at the Hsinchu Industrial Science Park in Zhu-nan, Miaoli. After the business combination between the Corporation and GEC, the Corporation undertook all the rights, obligations and liabilities of the above mentioned agreement. The Corporation terminated the contract earlier in accordance with the agreement due to the factories in Zhu-nan was closed on October 31, 2016. Thus, no consensus has been reached about the amount of early termination. EQ Company has filed an application for arbitration to request a payment of \$60,900 thousand with an annual interest of 5%. The Corporation has instructed counsel to respond the request. This arbitration judgment was obtained in August 2019 which required the Corporation to pay EQ Company \$18.51 million with an annual interest rate of 5% on the settlement date. The Corporation appealed to revoke the arbitration judgment on September 19, 2019 and the court accepted it. The Corporation has accrued a probable losses and will adjust any amount base on the result of such verdict, if necessary.

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

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

	March 31, 2020		December 31, 2019		March 31, 2019	
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)
<u>Financial assets</u>						
Monetary assets						
USD	\$ 151,603	30.2300	\$ 176,175	29.9950	\$ 246,432	30.8250
USD (Note 2)	690	7.1012	635	6.9756	415	6.7348
USD (Note 3)	7,007	32.4809	14,645	29.7186	14,505	31.6576
EUR	7,039	33.3300	4,183	33.6200	14,649	34.6200
JPY	96,541	0.2788	5,267	0.2760	51,128	0.2784
RMB	4,723	4.2570	11,007	4.3000	38,872	4.5770
GBP	3,366	37.3200	3,211	39.3900	5,162	40.3000
DOP	339	0.5653	26	0.5669	375	0.6073
Non-monetary assets						
USD	1,159	30.2300	1,159	29.9950	1,180	30.8250
USD	681	29.9950	681	29.9950	805	28.9978
EUR	-	-	-	-	600	32.2300
MYR	26,999	6.7275	28,860	7.0380	50,656	7.7260
<u>Financial liabilities</u>						
Monetary liabilities						
USD	155,147	30.2300	150,007	29.9950	273,285	30.8250
USD (Note 2)	1,429	7.1012	4,653	6.9756	2,405	6.7348
USD (Note 3)	17,832	32.4809	14,461	29.7186	15,600	31.6576
EUR	532	33.3300	550	33.6200	945	34.6200
EUR (Note 2)	210	7.8295	210	7.8186	210	7.5639
EUR (Note 3)	15	35.8118	49	33.3102	71	35.5551
JPY	1,539,071	0.2788	1,540,794	0.2760	647,999	0.2784
GBP	2,955	37.3200	2,955	39.3900	2,944	40.3000
RMB	3,202	4.2570	1,853	4.3000	7,712	4.5770
DOP	1,336	0.5653	1,322	0.5669	2,792	0.6073

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

Note 2: Exchange rates between foreign currencies and RMB.

Note 3: Exchange rates between foreign currencies and THB.

For the three months ended March 31, 2020 and 2019, realized and unrealized foreign exchange (losses) gains were \$(18,074) thousand and \$18,311 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions of the group entities.

39. SEPARATELY DISCLOSED ITEMS

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

- Financing provided to others: Table 1 (attached)
- Endorsements/guarantees provided: Table 2 (attached)
- Marketable securities held (not including investments in subsidiaries, associates, and joint ventures): Table 3 (attached)
- Marketable securities acquired and disposed of at cost or prices of at least \$300 million or 20% of the paid-in capital: Table 4 (attached)

- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None.
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: None.
- g. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Table 5 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
- i. Trading in derivative instruments: Note 7.
- j. Related information of investees over which the Corporation exercises significant influence: Table 7 (attached)
- k. Investments in mainland China:
 - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the mainland China area: Table 8 (attached)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: Table 9 (attached)
- l. Intercompany relationships and significant intercompany transactions and amounts: Table 10 (attached)
- m. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table 11 (attached)

40. SEGMENT INFORMATION

Financial information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on sales from each type of products. The measurement basis of the reportable segments are the same as the Group's consolidated financial statements. The Group's main reportable segments are solar cells, modules and power facilities.

- a. Segment revenue and results

	Segment Revenue			
	For the Three Months Ended March 31			
	2020		2019	
	From External Customer	Inter-segment Sales	From External Customer	Inter-segment Sales
Modules	\$ 2,200,912	\$ 18,142	\$ 2,010,500	\$ 20,644
Solar cells	384,517	67,706	1,814,903	5,117
Power facilities	317,938	25,756	394,495	76,085
Others	<u>83,486</u>	<u>301,566</u>	<u>81,196</u>	<u>117,071</u>
Total for continuing operations	<u>\$ 2,986,853</u>	<u>\$ 413,170</u>	<u>\$ 4,301,094</u>	<u>\$ 218,917</u>

	Segment Profit or Loss	
	For the Three Months Ended March 31	
	2020	2019
Modules	\$ 81,536	\$ 240,565
Solar cells	(333,104)	(290,734)
Power facilities	77,954	43,778
Others	<u>(107,230)</u>	<u>(118,332)</u>
Gross loss of reportable segments	(280,844)	(124,723)
Unrealized intercompany profit	<u>-</u>	<u>24,942</u>
	(280,844)	(99,781)
Unallocated amount		
Operating expenses	(463,462)	(571,398)
Other income and expense	(983)	(7,339)
Non-operating income and expenses	<u>39,056</u>	<u>28,663</u>
Net loss before income tax	<u>\$ (706,233)</u>	<u>\$ (649,855)</u>

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

b. Segment assets

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

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Item			
1	GES JAPAN	GES UK	Other receivables from related party	YES	\$ 250,920	\$ 250,920	\$ 250,920	2.90	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 714,485 (Notes 2, 3 and 4)	\$ 714,485	Note 2
2	DeSolar Wu Jiang	NSP Nanchang	Other receivables from related party	YES	194,760	-	-	-	2	-	Operating capital	-	-	-	362,364 (Notes 2, 3 and 4)	362,364	Note 2

Note 1: Nature of Financing:
1) For business;
2) For short-term financing.

Note 2: The financing company's total financing amount for one counterparty should not exceed 40% of the financing company's net asset value. The net asset value of GES JAPAN and DeSolar Wu Jiang is based on the latest audited financial statement.

Note 3: The financing company's total financing should not exceed 20% of its net asset value. A single financing should not exceed the transaction amount between the financing company and counterparty within one year and should not exceed the highest amount of purchases or sales.

Note 4: The Corporation's total amount of financing for short-term financing should not exceed 20% of its net asset value and the financing for a counterparty should not exceed 10% of its net asset value.

Note 5: Overseas subsidiaries wholly-owned directly or indirectly by the Corporation are not subject to Note 2. The financing company's total financing should not exceed three years and the total amount of financing and the financing for a counterparty should not exceed 100% of its net asset value.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Notes 1 and 2)	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Notes 1 and 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China
		Name	Relationship										
0	The Corporation	Gintech (Thailand)	Subsidiary	\$ 3,812,790	\$ 625,040	\$ 611,740	\$ 134,638	\$ -	3.21	\$ 9,531,975	YES	-	-
		GES UK	Subsidiary	3,812,790	604,600	604,600	491,028	-	3.17	9,531,975	YES	-	-
		GES USA	Subsidiary	3,812,790	559,176	453,450	453,450	-	2.38	9,531,975	YES	-	-
		NSP System	Subsidiary	3,812,790	500,000	500,000	374,300	-	2.62	9,531,975	YES	-	-
		NSP Indygen	Subsidiary	3,812,790	356,220	352,440	352,440	-	1.85	9,531,975	YES	-	-
		Yong Liang	Subsidiary	3,812,790	347,250	347,250	188,172	-	1.82	9,531,975	YES	-	-
		Apex	Subsidiary	3,812,790	263,000	263,000	261,000	-	1.38	9,531,975	YES	-	-
		The Corporation	Subsidiary	3,812,790	51,120	-	-	-	-	9,531,975	YES	-	-
		NSP NEVADA	Subsidiary	3,812,790	46,110	-	-	-	-	9,531,975	YES	-	-
		1	GES USA	TEV Solar	Subsidiary	1,465,613	304,415	303,812	303,812	-	20.73	2,931,226	YES
		MEGASIXTEEN	Subsidiary	1,465,613	257,465	256,955	256,955	-	17.53	2,931,226	YES	-	-
		MUNISOL	Subsidiary	1,465,613	134,488	-	-	-	-	2,931,226	YES	-	-

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

Note 2: Based on the "Rules of Guarantees by the Corporation and GES USA," the ceiling for the total guaranteed amount was 200% of the Corporation's and GES USA's net asset value, and the limit of the guaranteed amount for a single party was 100% of the Corporation's net asset value. But for business purposes, the limit on the guaranteed amount was the total of the purchases from or sales to the Corporation and GES USA within the most recent year. The Corporation's net asset value is based on its latest reviewed financial statement. GES USA's net asset value is based on its latest audited financial statement.

Note 3: In accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" Article 4.1.1. (3), although, the guaranteed party is the Corporation, the Corporation issued a separate promissory note to a non-financial enterprise to meet the financing needs, which is still in accordance with the term "endorsements/guarantees" under Article 4 of the regulations.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2020

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

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2020				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Corporation	<u>Shares</u> CTCI	Investee	Financial assets at fair value through other comprehensive income- current	3,003	\$ 87,988	0.39	\$ 87,988	-
	SAS	Investee	Financial assets at fair value through other comprehensive income- non-current	21,860	1,709,482	3.73	1,709,482	1
	TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	4,000	57,560	5.44	57,560	2 and 3
	EXOJET	Investee	Financial assets at fair value through other comprehensive income- non-current	5,885	25,482	12.06	25,482	-
	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	151,150	100.00	151,150	-
New Ray Investment	<u>Shares</u> TTMC	Investee	Financial assets at fair value through other comprehensive income- non-current	3,000	43,170	4.08	43,170	2 and 3
Apex	<u>Shares</u> TGET	Investee	Financial assets at fair value through other comprehensive income- non-current	8,889	27,098	7.11	27,098	-

Note 1: The asset has been pledged as collaterals for long-term bank loans and financing facilities. For the details refer to Note 36.

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

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

Note 4: Except for the above mentioned, the above marketable securities had not been pledged or mortgaged as of March 31, 2020.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
NSP BVI	Shares CFY	Investment accounted for using the equity method	-	Other related party	9,672	\$ 1,169,805	-	\$ -	9,672	\$ 1,649,963	\$ 1,396,483	\$ 253,480	-	\$ -
DeSolar Wu Jiang	NSP Nanchang	Investment accounted for using the equity method	-	Subsidiary	-	1,178,970	-	588,880	-	-	-	-	-	1,767,850

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

Note 2: NSP BVI exercised CFY's put option and recognized gain on disposal total of \$253,480 thousand, which included gain on valuation of put option of \$35,514 thousand in 2019, gain on disposal of investments of \$217,826 thousand and effect of exchange rate changes of \$140 thousand for the three months ended March 31, 2020.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Corporation	Gintech (Thailand) Utech	Subsidiary Subsidiary	Sale	\$ 177,058	6.33	60 days from the invoice date OA 7 days after receipt	\$ -	-	\$ 240,339	11.08	-
			Purchase	155,374	7.62		-	-	(63,059)	(3.85)	-

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

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

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

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

MARCH 31, 2020

(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	DeISolar US	Subsidiary	\$ 977,230	-	\$ 977,230	Receivable according to the financial situation	\$ -	\$ -
	GES ME	Subsidiary	635,755	-	635,755	Receivable according to the financial situation	-	-
	NSP NEVADA	Subsidiary	554,669	-	554,669	Receivable according to the financial situation	-	-
	Gintech (Thailand)	Subsidiary	364,162	3.91	225,151	Receivable according to the financial situation	-	-
	GES USA	Subsidiary	190,644	-	190,644	Receivable according to the financial situation	-	-
NSP NEVADA	GES USA	Subsidiary	245,695	-	-	Receivable according to the financial situation	-	-
NSP UK	NSP Indygen	Subsidiary	110,942	-	-	Receivable according to the financial situation	-	-
DeISolar US	CFR	Subsidiary	927,712	-	-	Receivable according to the financial situation	-	-
CFR	CFC	Associate	376,052	-	-	Receivable according to the financial situation	-	-
	Clean Focus Management Acquisition LLC	Associate	181,421	-	-	Receivable according to the financial situation	-	-
	DevCo One	Associate	122,223	-	-	Receivable according to the financial situation	-	-
USD1	CFR	Associate	265,168	-	-	Receivable according to the financial situation	-	-
GES JAPAN	GES UK	Parent company	254,810	-	-	Receivable according to the financial situation	-	-
	The Corporation	The ultimate parent of the company	170,919	-	169,202	Receivable according to the financial situation	-	-
GES UK	JRC	Subsidiary	434,945	-	-	Receivable according to the financial situation	-	-
GES USA	MUNISOL	Grandson company	865,618	-	-	Receivable according to the financial situation	-	-
TEV II	TEV Solar	Subsidiary	594,779	-	-	Receivable according to the financial situation	-	-
NSP System	Si One	Associate	153,538	-	-	Receivable according to the financial situation	-	-
NSP BVI	The Corporation	Parent company	960,406	-	-	Receivable according to the financial situation	-	-
	CFY	Other related party	695,961	-	-	Receivable according to the schedule of signing contracts	-	-
Gintech (Thailand)	The Corporation	Parent company	150,135	-	-	Receivable according to the financial situation	-	-

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2020	December 31, 2019	Shares (Thousands)	% of Ownership	Carrying Value			
The Corporation	UES	Independent State of Samoa	Investment company	\$ 1,910,636	\$ 1,910,636	61,930	100.00	\$ 1,712,493	\$ (128,304)	\$ (128,304)	-
	DelSolar Cayman	Cayman Islands	Investment company	4,906,789	4,906,789	155,126	100.00	881,563	(44,208)	(44,111)	-
	NSP BVI	British Virgin Islands	Investment company	1,426,179	1,426,179	45,001	100.00	1,656,884	217,826	217,826	-
	GES ME	Dubai	Solar related business	418,805	418,805	4	100.00	360,690	36	36	-
	Apex	Hsin-chu, Taiwan	Solar related business	165,994	165,994	50,500	100.00	191,885	995	995	-
	NSP UK	London, UK	Investment company	138,967	138,967	3,580	100.00	175,874	2,547	2,547	-
	NSP System	Tainan, Taiwan	Solar related business	144,200	144,200	14,420	100.00	140,420	1,742	(551)	-
	Prime Energy	Tainan, Taiwan	Electronic component manufacturing and selling	90,000	90,000	9,000	100.00	79,992	-	-	-
	New Ray Investment	Tainan, Taiwan	Investment company	115,000	115,000	11,500	100.00	55,030	(3)	(3)	-
	Zhongyang	Hsin-chu, Taiwan	Solar related business	24,121	24,121	3,500	100.00	35,039	(2,065)	(2,065)	-
	UREE	Kaohsiung, Taiwan	Solar related business	20,000	20,000	2,000	100.00	13,874	(615)	(615)	-
	DelSolar Singapore	Singapore	Investment company	29,743	29,743	1,250	100.00	18,978	485	485	-
	BPS	Tainan, Taiwan	Solar related business	6,000	6,000	600	60.00	25,468	6,858	4,115	-
	SMC	Hsin-chu, Taiwan	Solar related business	9,720	9,720	1,000	100.00	9,860	17	17	-
	Utech	Miaoli, Taiwan	Electronic component manufacturing	337,114	337,114	12,361	99.49	(349,559)	(91,490)	(85,019)	-
	Yong Liang	Taipei, Taiwan	Solar related business	249,000	249,000	24,900	100.00	255,475	3,768	3,782	-
	Yong Zhou	Taipei, Taiwan	Solar related business	46,500	46,500	-	100.00	4,415	(1,414)	(1,414)	-
	Ever Lite	Taipei, Taiwan	Electronic component selling	-	6,000	-	-	-	-	-	-
	Yong Shun	Taipei, Taiwan	Solar related business	-	-	-	-	799	-	-	-
	JRC	Dominican	Solar related business	3,717	3,717	-	1.00	511	2,878	34	-
	GES UK	London, UK	Investment company	3,170,893	3,170,893	103,890	100.00	2,114,531	(50,281)	(50,281)	-
	Neo Cathay	Tainan, Taiwan	Investment company	600,000	600,000	60,000	40.00	611,492	6,313	2,525	-
	TSST	Malaysia	Solar related business	417,692	417,692	97,701	42.12	76,234	(3,513)	(1,480)	-
	V5 Technology	Hsin-chu, Taiwan	Electronic component manufacturing and selling	114,084	114,084	7,789	41.43	66,324	881	(445)	-
	Gintung	Taoyuan, Taiwan	Electronic component manufacturing	34,341	34,341	13,460	36.38	-	1,556	-	-
	DSET	Taipei, Taiwan	Solar related business	10,500	10,500	1,050	35.00	3,024	(1,657)	(580)	-
	Solar PV	Cayman Islands	Investment company	-	-	-	-	-	-	-	6
	Dashiangying	Kaohsiung, Taiwan	Solar and agriculture related business	100	100	10	100.00	71	-	-	-
	Shinkai	Kaohsiung, Taiwan	Solar and agriculture related business	100	100	10	100.00	71	-	-	-
	Shanshang	Kaohsiung, Taiwan	Solar and agriculture related business	100	100	10	100.00	71	-	-	-
	Jiangung	Kaohsiung, Taiwan	Solar and agriculture related business	100	100	10	100.00	71	-	-	-
	Dungshr	Kaohsiung, Taiwan	Solar and agriculture related business	100	100	10	100.00	71	-	-	-
	Yanshan	Kaohsiung, Taiwan	Solar and agriculture related business	100	100	10	100.00	71	-	-	-
UES	RES	Independent State of Samoa	Investment company	1,917,918	1,917,918	61,930	100.00	1,676,449	(128,304)	(128,304)	-
RES	Gintech (Thailand)	Thailand	Solar related business	1,964,202	1,964,202	20,840	100.00	1,669,007	(128,361)	(128,361)	-
GES UK	GES USA	Nevada, US	Investment company	1,572,235	1,572,235	53,416	100.00	1,215,091	(32,246)	(32,246)	-
	NCH Solar 1	London, UK	Solar related business	395,106	395,106	7,447	100.00	302,665	422	422	-
	GES Solar 2	London, UK	Solar related business	61,326	61,326	1,022	100.00	26,448	76	76	-
	GES Solar 3	London, UK	Solar related business	3,328	3,328	67	100.00	(3,628)	(125)	(125)	-
	GES CANADA	Alberta, Canada	Investment company	371,356	371,356	10,540	100.00	83,464	2,587	2,587	-
	GES JAPAN	Kitakyushu, Japan	Investment company	665,781	665,781	276	100.00	716,872	(4,825)	(4,825)	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2020	December 31, 2019	Shares (Thousands)	% of Ownership	Carrying Value			
GES USA	MEGATWO	California, US	Solar related business	\$ 546,465	\$ 535,187	18,098	100.00	\$ 161,104	\$ (2,875)	\$ (2,875)	-
	MEGATHREE	Delaware, US	Solar related business	38,606	38,606	1,284	40.00	35,024	(7)	(6)	-
	MEGAFIVE	California, US	Solar related business	19,527	19,527	635	100.00	19,552	257	257	-
	MEGASIX	California, US	Solar related business	81,496	81,496	2,627	-	50,624	(976)	(976)	2
	MEGAEIGHT	California, US	Solar related business	25,843	25,843	790	100.00	20,804	(256)	(256)	-
	MEGATWELVE	Indiana, US	Solar related business	5,204	5,204	168	100.00	2,354	(236)	(236)	-
	MEGATHIRTEEN	Indiana, US	Solar related business	58,031	58,031	2,000	100.00	57,087	(78)	(78)	-
	MEGASIXTEEN	Indiana, US	Solar related business	351,772	351,772	11,981	100.00	323,146	(3,993)	(3,993)	3
	MEGASEVENTEEN	Indiana, US	Solar related business	-	-	51	100.00	-	-	-	2
	MEGANINETEEN	California, US	Solar related business	4,025	4,025	132	100.00	2,148	(70)	(70)	-
	MEGATWENTY	California, US	Solar related business	3,769	3,769	124	100.00	4,555	(8)	(8)	-
	ASSET ONE	California, US	Solar related business	-	34,229	-	-	-	(2,418)	(2,418)	-
	ASSET TWO	California, US	Solar related business	-	-	-	-	(322)	(24)	(24)	2
	ASSET THREE	Hawaii, US	Solar related business	87,289	87,289	2,839	100.00	54,943	(1,173)	(1,173)	-
	CENERGY	California, US	Solar related business	-	-	-	-	-	-	-	2
	SH4	California, US	Solar related business	20,665	20,665	619	100.00	17,839	(16)	(16)	-
	CEDAR FALLS	Iowa, US	Solar related business	70,428	70,428	2,287	100.00	60,699	(375)	(375)	-
	Schenectady	New York, US	Solar related business	-	-	-	-	(5,861)	(55)	(55)	2
	VOC	New York, US	Solar related business	-	-	-	-	(1,585)	(34)	(34)	2
	SEG	New York, US	Solar related business	24,144	24,144	800	100.00	21,046	(197)	(197)	-
	KINECT	Hawaii, US	Solar related business	8,143	8,143	266	100.00	9,330	94	94	-
	RER CT 57	Connecticut, US	Solar related business	62,093	62,093	2,031	100.00	58,841	257	257	-
	TEV II	Indiana, US	Solar related business	3,018	3,018	100	50.00	(31,086)	(2,542)	(763)	1
	Illini Power LLC	California, US	Solar related business	-	-	-	-	(72)	(49)	(49)	2
	PS CS LLC	California, US	Solar related business	-	-	-	-	(71)	(48)	(48)	2
	LITH CS LLC	California, US	Solar related business	-	-	-	-	(71)	(48)	(48)	2
	ZION CS LLC	California, US	Solar related business	-	-	-	-	(74)	(48)	(48)	2
	HEYWOOD	Massachusetts, US	Solar related business	55,424	55,424	-	55.00	31,613	(364)	(200)	-
	Energy Group NT63	New York, US	Solar related business	-	-	-	-	-	(753)	-	4
	MP Solar	California, US	Solar related business	99,128	99,128	-	55.00	97,620	(539)	(296)	-
Ventura	California, US	Solar related business	91,867	91,867	3,013	55.00	90,667	(333)	(183)	-	
NSP NEVADA	HEYWOOD	Massachusetts, US	Solar related business	43,773	43,773	-	45.00	42,553	(1,142)	(164)	-
	MP Solar	California, US	Solar related business	80,412	80,412	-	45.00	79,871	(167)	(242)	-
	Ventura	California, US	Solar related business	74,517	74,517	-	45.00	74,182	(139)	(150)	-
	Livermore	Delaware, US	Solar related business	4,535	4,535	-	75.00	1,550	(18)	-	-
	Industrial Park	US	Solar related business	12,092	12,092	-	100.00	11,929	(161)	-	-
Hillsboro	US	Solar related business	56,295	56,295	-	100.00	55,740	(108)	(361)	-	
GES JAPAN	Hashimoto	Wakayama, Japan	Solar related business	55,893	55,893	5	100.00	57,776	(1,695)	(1,695)	-
GES CANADA	JRC	Dominican	Solar related business	371,967	371,967	74	99.00	37,897	2,878	2,844	-
MEGATWO	MUNISOL	Mexico	Solar related business	523,493	512,519	17,153	100.00	181,957	(2,848)	(2,848)	-
ASSET THREE	SHIMA'S	Hawaii, US	Solar related business	4,496	4,496	153	100.00	3,941	(76)	(76)	-
	WAIMEA	Hawaii, US	Solar related business	16,185	16,185	526	100.00	16,671	76	76	-
	HONOKAWAI	Hawaii, US	Solar related business	12,260	12,260	418	100.00	13,639	113	113	-
	ELEELE	Hawaii, US	Solar related business	19,589	19,589	637	100.00	20,348	41	41	-
	HANAIEI	Hawaii, US	Solar related business	8,595	8,595	280	100.00	7,644	(85)	(85)	-
	KAPAA	Hawaii, US	Solar related business	23,391	23,391	761	100.00	22,346	(33)	(33)	-
	KOLOA	Hawaii, US	Solar related business	17,506	17,506	569	100.00	17,919	(3)	(3)	-
	MEGASIXTEEN	GES AC	Indiana, US	Solar related business	738,518	738,518	0.1	67.59	753,600	(7,700)	(77)
GES AC	ANDERSON N.	Indiana, US	Solar related business	410,752	410,752	13,507	100.00	394,099	(2,896)	(2,896)	-
	ANDERSON S.	Indiana, US	Solar related business	348,325	348,325	11,454	100.00	334,381	(2,424)	(2,424)	-
	Flora	Indiana, US	Solar related business	58,235	58,235	1,915	100.00	56,337	(382)	(382)	-
	Greenfield	Indiana, US	Solar related business	262,480	262,480	8,631	100.00	251,703	(1,654)	(1,654)	-
	Spiceland	Indiana, US	Solar related business	38,767	38,767	1,275	100.00	37,279	(289)	(289)	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2020			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				March 31, 2020	December 31, 2019	Shares (Thousands)	% of Ownership	Carrying Value			
TEV II	TEV Solar	Indiana, US	Solar related business	\$ 3,018	\$ 3,018	100	100.00	\$ 2,784	\$ (50)	\$ (50)	-
TEV Solar	AC GES Solar	Indiana, US	Solar related business	593,754	593,754	19,675	66.19	594,638	(5,000)	(50)	-
AC GES Solar	Richmond	Indiana, US	Solar related business	581,226	581,226	19,259	100.00	575,684	(3,303)	(3,303)	-
	Rensselaer	Indiana, US	Solar related business	299,760	299,760	9,933	100.00	297,437	(1,545)	(1,545)	-
	Advance	Indiana, US	Solar related business	16,106	16,106	534	100.00	15,920	(95)	(95)	-
NSP BVI	CFY	Cayman Islands	Investment company	-	1,169,805	-	-	-	-	-	4
	CFGP	British Virgin Islands	Solar operation management services	181,380	181,380	30	60.00	495	-	-	-
	NSP Stars	British Virgin Islands	Trust company	-	-	-	-	-	-	-	-
	NSP HK	Hong Kong	Solar related business	-	-	-	100.00	-	-	-	-
DelSolar Cayman	DelSolar HK	Hong Kong	Investment company	3,784,796	3,784,796	125,000	100.00	285,012	(22,689)	(22,689)	-
	DelSolar US	Delaware, US	Investment company	749,704	749,704	3	100.00	426,334	(21,297)	(21,297)	-
	NSP NEVADA	Nevada, US	Solar related business	154,929	154,929	5,125	100.00	159,331	(919)	(919)	-
	URE NSP	California, US	Solar related business	15,115	15,115	500	100.00	23,507	697	697	-
DelSolar Singapore	NSP Malaysia	Malaysia	Technical management services	22,975	22,975	760	100.00	3,938	-	-	-
	NSP Vietnam	Vietnam	Technical management services	4,837	4,837	-	100.00	423	508	508	-
NSP UK	NSP Germany	Cologne, Germany	Solar related business	634	634	23	90.00	1,622	503	452	-
	PV Power Park	Frankfurt, Germany	Solar related business	746	746	-	100.00	690	(4)	(4)	-
	NSP Indygen	UK	Solar related business	-	-	-	100.00	59,157	2,235	2,235	-
NSP System	Hsin Jin Optoelectronics	Tainan, Taiwan	Solar related business	10,647	10,647	-	80.00	10,434	190	152	-
	Hsin Jin Solar Energy	Tainan, Taiwan	Solar related business	13,981	13,981	-	60.00	13,697	323	194	-
	Si Two	Tainan, Taiwan	Solar related business	20,000	20,000	2,000	100.00	19,330	(106)	(106)	-
	Tienyang	Tainan, Taiwan	Solar related business	-	100	10	100.00	(464)	(78)	(78)	-
	Deyang	Tainan, Taiwan	Solar related business	-	100	10	100.00	(457)	(78)	(78)	-
	Shanyang	Tainan, Taiwan	Solar related business	-	100	10	100.00	(457)	(78)	(78)	-
	Jeyang	Tainan, Taiwan	Solar related business	-	100	10	100.00	(457)	(78)	(78)	-
	Lianzhang	Hsinchu, Taiwan	Solar related business	-	100	10	100.00	79	(3)	(3)	-
	Lianxi	Hsinchu, Taiwan	Solar related business	-	100	10	100.00	79	(3)	(3)	-
	Liancheng	Hsinchu, Taiwan	Solar related business	-	100	10	100.00	79	(3)	(3)	-
NSP HK	XYH Suzhou	Jiangsu, China	Solar related business	-	-	-	100.00	2	-	-	-
UREE	UAE	Kaohsiung, Taiwan	Solar and agriculture related business	100	100	10	100.00	-	-	-	-
CFGP	CFGP (HK)	Hong Kong	Solar operation management services	16,022	16,022	-	100.00	-	-	-	-
DelSolar HK	DelSolar Wu Jiang	Jiangsu, China	Solar related business	3,627,600	3,627,600	-	100.00	273,636	(20,343)	(20,343)	-
	NSP JAPAN	Osaka, Japan	Solar related business	2,932	2,932	1	100.00	10,418	(186)	(186)	-
	NSP Nanchang	Jiangxi, China	Solar related business	151,150	151,150	-	7.87	(371)	(24,253)	(2,160)	-
DelSolar US	DelSolar Development	Delaware, US	Solar related business	146,616	146,616	-	100.00	110,491	(1,940)	(1,940)	-
	CFR	Delaware, US	Solar related business	434,405	434,405	-	100.00	(15,899)	(19,169)	(19,169)	-
	USD1	Delaware, US	Solar related business	108,284	108,284	-	100.00	199,168	-	-	-
	JV2	Delaware, US	Solar related business	25,092	25,092	-	67.00	-	-	-	-
	Beryl	Delaware, US	Solar related business	-	-	-	100.00	156,647	-	-	-
DelSolar Wu Jiang	NSP Nanchang	Jiangxi, China	Solar related business	1,767,850	1,178,970	-	92.13	(4,337)	(24,253)	(22,093)	-
DelSolar	DSS-USF PHX LLC	US	Solar related business	41,415	41,415	-	100.00	43,655	(446)	(446)	-
Development	DSS-RAL LLC	US	Solar related business	77,238	77,238	-	100.00	68,267	(1,638)	(1,638)	-
CFR	Rugged solar LLC	California, US	Solar related business	84,165	84,165	-	-	84,165	-	-	2
USD1	DevCo One	US	Solar related business	13,428	13,428	-	40.00	1,818	-	-	-
	DevCo Two	US	Solar related business	13,428	13,428	-	40.00	1,818	-	-	-
CFGP (HK)	CFGP (Shanghai)	Shanghai, China	Solar operations management services	16,022	16,022	-	100.00	-	-	-	-
NSP Stars	CFY	Cayman Islands	Investment company	-	-	-	-	-	-	-	5

(Continued)

Note 1: Subsidiaries mentioned above were recognized on the basis of unaudited financial statements as March 31, 2020.

Note 2: The Group's structured entities.

Note 3: GES USA and non-related party, Telamon Enterprise Ventures ("Telamon") established TEV II and each acquired 50% of the shares of TEV II based on an agreement. GES USA is responsible for all relevant events and the risk of fluctuating return, thus, GES USA obtains substantial control over TEV II.

Note 4: The Group exercised CFY's put option in 2020.

Note 5: NSP Stars Limited has no right to the share of CFY's profit before meeting specific conditions.

Note 6: Solar PV was liquidated in January 2020.

Note 7: The original investment amount and proportion of ownership are listed according to legal qualifications.

(Concluded)

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2020
(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, 2020	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2020	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of March 31, 2020	Accumulated Repatriation of Investment Income as of March 31, 2020
					Outward	Inward						
DelSolar Wu Jiang	Solar related business	USD 120,000 \$ 3,627,600	Indirect investments through the Group's 100% - owned subsidiary	USD 120,000 \$ 3,627,600	\$ -	\$ -	USD 120,000 \$ 3,627,600	USD (676) \$ (20,343)	100	USD (676) \$ (20,343) (Note 1)	USD 9,052 \$ 273,636 (Note 1)	\$ -
NSP Nanchang	Solar related business	USD 63,520 \$ 1,920,210	Indirect investments through the Group's 100% - owned subsidiary	USD 5,000 \$ 151,150	-	-	USD 5,000 \$ 151,150	USD (805) \$ (24,253)	100	USD (805) \$ (24,253) (Note 1)	USD (156) \$ (4,708) (Note 1)	-

Accumulated Outward Remittance for Investments in Mainland China as of March 31, 2020 (US\$ in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Upper Limit on the Amount of Investment Stipulated by the Investment Commission, MOEA
USD 143,450 \$ 4,336,494	USD 149,618 (Note 2) \$ 4,522,949	\$ 11,438,370

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

Note 2: The exchange rate used is the rate on March 31, 2020.

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES FOR THE THREE MONTHS ENDED MARCH 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
NSP Nanchang	Purchase goods	\$ 2,785	0.14	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	\$ (20,431)	1.25	\$ -	-

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

UNITED RENEWABLE ENERGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

(In Thousands of New Taiwan Dollars)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			Percentage to Consolidated Total Gross Sales or Total Assets
				Financial Statements Items	Amount	Terms	
	<u>For the three months ended March 31, 2020</u>						
0	The Corporation	DelSolar US	1	Other receivables	\$ 977,230	Note 2	2%
		NSP BVI	1	Receipts under custody	960,406	Note 2	2%
		GES ME	1	Other receivables	635,755	Note 2	1%
		NSP NEVADA	1	Other receivables	554,669	Note 2	1%
		Utech	1	Purchase	155,374	Note 2	5%
		Gintech (Thailand)	1	Account receivables	240,339	Note 2	1%
			1	Sales	177,058	Note 2	6%
			1	Purchase	30,400	Note 2	1%
		BPS	1	Sales	15,136	Note 2	1%
1	DelSolar US	CFR	3	Other receivables	927,712	Note 2	2%
2	NSP NEVADA	GES USA	3	Other receivables	245,695	Note 2	1%
3	USD1	CFR	3	Other receivables	265,168	Note 2	1%
4	BPS	NSP System	3	Sales	23,080	Note 2	1%
5	GES UK	JRC	3	Other receivables	434,945	Note 2	1%
		GES JAPAN	3	Accrued expense	254,810	Note 2	1%
6	GES USA	MUNISOL	3	Other receivables	865,618	Note 2	2%
7	TEV II	TEV Solar	3	Other receivables	594,779	Note 2	1%
	<u>For the three months ended March 31, 2019</u>						
0	The Corporation	DelSolar US	1	Other receivables	\$ 996,464	Note 2	2%
		NSP NEVADA	1	Other receivables	580,553	Note 2	1%
		GES ME	1	Other receivables	595,949	Note 2	1%
		Yong Yao	1	Other receivables	324,468	Note 2	1%
		NSP Nanchang	1	Sale of property, plant and equipment	73,952	Note 2	2%
		Gintech (Thailand)	1	Other cost of goods sold	317,324	Note 2	7%
		Zhongyang	1	Revenue from construction contracts	74,334	Note 2	2%
		SMC	1	Purchase	36,354	Note 2	1%
		Utech	1	Purchase	80,951	Note 2	2%
1	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	329,763	Note 2	1%
2	DelSolar US	CFR	3	Other receivables	945,972	Note 2	2%
3	GES UK	GES USA	3	Other receivables	401,062	Note 2	1%
		JRC	3	Other receivables	448,843	Note 2	1%
4	GES USA	MUNISOL	3	Other receivables	847,598	Note 2	1%
5	TEV II	TEV Solar	3	Other receivables	604,804	Note 2	1%

Note 1: No. 1 represents the transaction from parent company to subsidiary; No. 2 represents the transaction from subsidiaries to parent company; No. 3 represents the transactions between subsidiaries.

Note 2: At normal commercial prices and terms.

TABLE 11**UNITED RENEWABLE ENERGY CO., LTD.****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2020**

Shareholders	Shares	
	Total Shares Owned (In Thousands)	Ownership Percentage
National Development Fund, Executive Yuan	175,120	6.56%
Yaohua Glass Co., Ltd. Management Committee	167,146	6.27%

Note 1: This Table provides the information of number of ordinary shares and special shares which were delivered through non-physical registration (including treasury shares) owned by major shareholders with ownership of 5% or greater and was calculated by Taiwan Depository & Clearing Corporation using the last business day at the end of the quarter. There might be a difference between the share capital listed on the Company's financial statements and the actual number of shares delivered through non-physical registration due to different basis of calculation.

Note 2: If the shareholder delivered the shares to the trust, the above information would be revealed by the individual trust account under fiduciary account opened by the trustee. As for the shareholders handled the insider ownership declarations with shareholdings over 10% in accordance with the Securities and Exchange Act, their shareholdings include the shares owned by themselves plus the shares delivered to the trust which they have the right on allocating the trust properties, please refer to the Market Observation Post System website for information about insider ownership declaration.