

Neo Solar Power Corp. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2015 and 2014 and
Independent Auditors' Report**

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2015 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated and Separate Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

Neo Solar Power Corporation

By:

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QUINCY LIN
Chairman

March 24, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Neo Solar Power Corp.

We have audited the accompanying consolidated balance sheets of Neo Solar Power Corp. (NSP) and its subsidiaries (collectively referred to as the "Corporation") as of December 31, 2015 and 2014 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2015 and 2014. These consolidated financial statements are the responsibility of NSP's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As disclosed in Note 15 to the consolidated financial statements, the financial statements of certain subsidiaries as of and for the year ended December 31, 2015 and 2014 were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts of such subsidiaries, is based solely on the report of other auditors. As of December 31, 2015 and 2014, combined total assets of these subsidiaries were \$6,794,911 thousand and \$4,557,536 thousand, respectively, representing 17.38% and 12.21%, respectively, of the consolidated total assets, and combined total liabilities of these subsidiaries were \$4,405,430 thousand and \$2,581,275 thousand, respectively, representing 23.50% and 16.55%, respectively, of the consolidated total liabilities; for the years ended December 31, 2015 and 2014, combined comprehensive (loss) income of these subsidiaries were \$(208,540) thousand and \$122,808 thousand, respectively, representing 14.40% and 33.57%, respectively, of the consolidated total comprehensive (loss) income. Also, as disclosed in Note 16 to the consolidated financial statements, the financial statements of certain equity-method investees as of and for the years ended December 31, 2015 and 2014, which were included in the consolidated financial statements referred to in the first paragraph were audited by other auditors. The financial statements audited by other auditors have been furnished to us, and our opinion, insofar as it relates to the amounts of investments accounted for using the equity method and share of profit and other comprehensive income of the equity-method investees, is based solely on the report of other auditors. As of December 31, 2015 and 2014, investments accounted for using the equity method were \$65,824 thousand and \$71,360 thousand, respectively, representing 0.17% and 0.19%, respectively, of the consolidated total assets; for the years ended December 31, 2015 and 2014, the share of loss and share of total comprehensive loss of equity-method investees were \$8,064 thousand and \$42,694 thousand, respectively.

We conducted our audits in accordance with the Rules Governing the Audit of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Neo Solar Power Corp. and its subsidiaries as of December 31, 2015 and 2014, and their consolidated financial performance and cash flows for the years ended December 31, 2015 and 2014, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the separate financial statements of the parent company, Neo Solar Power Corp., as of and for the years ended December 31, 2015 and 2014 on which we have issued an unqualified opinion with an explanatory paragraph.

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March 24, 2016

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 audit such consolidated financial statements are those generally applied in the Republic of China.

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

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 ,6, 32, 33 and 37)	\$ 8,498,752	22	\$ 8,721,777	23
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 37)	29	-	1,514	-
Notes and accounts receivable, net (Notes 4, 5, 11 and 37)	4,605,189	12	4,982,697	13
Installment accounts receivables (Notes 4, 5, 11 and 37)	18,717	-	-	-
Accounts receivable - related parties (Notes 4, 5, 11, 37 and 38)	340,460	1	193,495	1
Finance lease receivables (Notes 4, 5, 12, 17, 37 and 39)	90,727	-	59,368	-
Other receivables (Notes 4, 11 and 37)	67,345	-	76,766	-
Other receivables - related parties (Notes 4, 11, 37 and 38)	476,099	1	652,560	2
Current tax assets (Notes 4, 5 and 29)	9,532	-	17,108	-
Inventories (Notes 4, 5, 13 and 38)	4,253,107	11	2,043,721	6
Prepayments (Notes 4, 5, 19, 20, 36 and 40)	635,751	1	719,244	2
Noncurrent assets held for sale (Notes 4, 14 and 17)	2,876	-	34,189	-
Other current assets (Notes 20, 37 and 39)	303,406	1	1,461,213	4
Total current assets	19,301,990	49	18,963,652	51
NONCURRENT ASSETS				
Available-for-sale financial assets - noncurrent (Notes 4, 5, 8 and 37)	109,873	-	159,578	-
Financial assets carried at cost - noncurrent (Notes 4, 5, 9 and 37)	54,611	-	66,983	-
Debt investment with no active market - noncurrent (Notes 4, 10 and 38)	310,103	1	-	-
Investment accounted for using the equity method (Notes 4 and 16)	65,824	-	71,360	-
Property, plant and equipment (Notes 4, 5, 14, 17, 38 and 39)	12,924,354	33	14,193,490	38
Intangible assets (Notes 4, 5, 18 and 32)	620,471	2	534,271	2
Deferred tax assets (Notes 4, 5 and 29)	18,377	-	38,816	-
Long-term installment accounts receivables (Notes 4, 5, 11 and 37)	338,686	1	-	-
Finance lease receivables - noncurrent (Notes 4, 5, 12, 17, 37 and 39)	1,915,008	5	1,113,661	3
Prepayments - noncurrent (Notes 17, 19, 20 and 40)	1,516,406	4	1,175,748	3
Refundable deposits (Notes 4, 35, 37, 38 and 39)	342,150	1	247,167	1
Prepayments for lease (Notes 4 and 19)	23,587	-	24,736	-
Other noncurrent assets (Notes 4, 20 and 39)	1,560,059	4	735,093	2
Total noncurrent assets	19,799,509	51	18,360,903	49
TOTAL	\$ 39,101,499	100	\$ 37,324,555	100

LIABILITIES AND EQUITY	2015		2014	
	Amount	%	Amount	%
CURRENT LIABILITIES				
Short-term bank loans (Notes 21, 37 and 39)	\$ 6,448,680	16	\$ 3,039,296	8
Short-term bills payable (Notes 21 and 37)	49,912	-	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 37)	6,102	-	16,812	-
Notes and accounts payable (Note 37)	2,005,779	5	1,548,785	4
Accounts payable - related parties (Notes 37 and 38)	557	-	84,920	-
Bonuses payable to employees and directors (Note 28)	2,649	-	39,716	-
Payables to contractors and equipment suppliers (Notes 37 and 38)	680,695	2	667,156	2
Accrued expenses (Notes 4, 23, 37 and 38)	1,441,569	4	1,427,360	4
Current tax liabilities (Notes 4, 5 and 29)	640	-	888	-
Receipts in advance (Note 38)	134,319	-	255,678	1
Current portion of long-term bank loans and bonds payables (Notes 4, 21, 22, 37 and 39)	1,796,303	5	1,868,726	5
Other current liabilities (Notes 4 and 23)	56,622	-	32,598	-
Total current liabilities	12,623,827	32	8,981,935	24
NONCURRENT LIABILITIES				
Bonds payable (Notes 4, 22, 37 and 39)	3,461,799	9	3,596,810	10
Long-term bank loans (Notes 21, 37 and 39)	1,588,351	4	1,943,953	5
Provisions - noncurrent (Notes 4 and 24)	291,688	1	225,308	1
Deferred tax liabilities (Notes 4, 5 and 29)	64,103	-	100,778	-
Preference share liabilities - noncurrent (Notes 21, 37 and 39)	470,000	1	470,000	1
Guarantee deposits	339	-	1,360	-
Credit balance of investment accounted for using the equity method (Notes 4 and 16)	-	-	15,324	-
Other noncurrent liabilities (Note 23)	245,542	1	265,316	1
Total noncurrent liabilities	6,121,822	16	6,618,849	18
Total liabilities	18,745,649	48	15,600,784	42
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT (Notes 4, 26, 31 and 34)				
Common shares	8,581,617	22	8,562,770	23
Capital surplus	12,211,474	31	12,197,491	33
Retained earnings				
Legal reserve	69,422	-	47,566	-
Special reserve	-	-	18,928	-
(Accumulated deficit) unappropriated earnings	(1,238,096)	(3)	391,744	1
Other equity	131,877	-	37,934	-
Total equity attributable to shareholders of the parent	19,756,294	50	21,256,433	57
NONCONTROLLING INTERESTS (Notes 4 and 34)	599,556	2	467,338	1
Total equity	20,355,850	52	21,723,771	58
TOTAL	\$ 39,101,499	100	\$ 37,324,555	100

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

(With Deloitte & Touche auditors’ report dated March 24, 2016)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

	2015		2014	
	Amount	%	Amount	%
NET SALES (Notes 4, 27, 32, 38 and 40)	\$ 22,214,496	100	\$ 27,580,249	100
COST OF SALES (Notes 4, 5, 13, 28, 38 and 40)	<u>21,631,655</u>	<u>97</u>	<u>26,000,535</u>	<u>94</u>
GROSS PROFIT	582,841	3	1,579,714	6
REALIZED GAIN FROM SALES (Note 33)	<u>42,335</u>	<u>-</u>	<u>207,582</u>	<u>1</u>
REALIZED GROSS PROFIT	<u>625,176</u>	<u>3</u>	<u>1,787,296</u>	<u>7</u>
OPERATING EXPENSES (Notes 28 and 38)				
Selling	893,323	4	519,499	2
General and administrative	665,111	3	605,993	2
Research and development	<u>346,334</u>	<u>2</u>	<u>451,574</u>	<u>2</u>
Total operating expenses	<u>1,904,768</u>	<u>9</u>	<u>1,577,066</u>	<u>6</u>
OTHER INCOME AND EXPENSES (Notes 5, 14, 17 and 28)	<u>(20,477)</u>	<u>-</u>	<u>37,294</u>	<u>-</u>
(LOSS) INCOME FROM OPERATIONS	<u>(1,300,069)</u>	<u>(6)</u>	<u>247,524</u>	<u>1</u>
NONOPERATING INCOME AND EXPENSES				
Others (Notes 4, 28 and 38)	18,046	-	154,143	1
Foreign exchange gain, net (Notes 4, 28 and 41)	39,831	-	151,656	-
Gain (loss) on financial instruments at fair value through profit or loss (Notes 4 and 7)	38,652	-	(28,360)	-
Interest income (Notes 4 and 28)	25,595	-	21,052	-
Dividend income (Notes 4 and 38)	3,680	-	-	-
Gain from bargain purchase (Notes 4 and 32)	1,082	-	-	-
Loss on disposal of investments	(955)	-	(14,072)	-
Share of loss of associates (Notes 4 and 16)	(8,064)	-	(42,694)	-
Other gains and losses	(9,485)	-	(22,022)	-
Impairment loss on financial assets (Notes 4, 5, 8 and 9)	(98,826)	-	-	-
Finance costs (Note 28)	<u>(262,442)</u>	<u>(1)</u>	<u>(245,238)</u>	<u>(1)</u>
Total nonoperating income and expenses	<u>(252,886)</u>	<u>(1)</u>	<u>(25,535)</u>	<u>-</u>
(LOSS) INCOME BEFORE INCOME TAX	(1,552,955)	(7)	221,989	1
INCOME TAX BENEFIT (Notes 4, 5 and 29)	<u>14,553</u>	<u>-</u>	<u>22,400</u>	<u>-</u>
NET (LOSS) INCOME FOR THE YEAR	<u>(1,538,402)</u>	<u>(7)</u>	<u>244,389</u>	<u>1</u>

(Continued)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME (Note 28)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ 60,217	-	\$ 161,903	-
Unrealized gain (loss) on available-for-sale financial assets	<u>30,347</u>	<u>-</u>	<u>(40,457)</u>	<u>-</u>
Total other comprehensive income (loss)	<u>90,564</u>	<u>-</u>	<u>121,446</u>	<u>-</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (1,447,838)</u>	<u>(7)</u>	<u>\$ 365,835</u>	<u>1</u>
NET (LOSS) INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (1,455,641)	(7)	\$ 218,562	1
Noncontrolling interests	<u>(82,761)</u>	<u>-</u>	<u>25,827</u>	<u>-</u>
	<u>\$ (1,538,402)</u>	<u>(7)</u>	<u>\$ 244,389</u>	<u>1</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (1,381,710)	(6)	\$ 332,094	1
Noncontrolling interests	<u>(66,128)</u>	<u>(1)</u>	<u>33,741</u>	<u>-</u>
	<u>\$ (1,447,838)</u>	<u>(7)</u>	<u>\$ 365,835</u>	<u>1</u>
(LOSS) EARNINGS PER SHARE (Note 30)				
Basic earnings per share	<u>\$ (1.71)</u>		<u>\$ 0.28</u>	
Diluted earnings per share	<u>\$ (1.71)</u>		<u>\$ 0.27</u>	

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

(With Deloitte & Touche auditors' report dated March 24, 2016)

(Concluded)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent																
	Capital Surplus																
	Common Shares		Share Premium	Conversion of Bonds	Conversion Option of Bonds	Difference between Consideration and Carrying Amounts Adjusted for Changes in Percentage of Ownership in Subsidiaries	Employee Share Options	Restricted Shares of Employees	Retained Earnings			Other Equity			Total	Noncontrolling Interests	Total Equity
	Shares (Thousand)	Common Shares							Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficits)	Foreign Currency Translation Reserve	Unrealized (Loss) Gain on Available-for-sale Financial Assets	Unearned Employees Benefits			
BALANCE AT JANUARY 1, 2014	777,029	\$ 7,770,292	\$ 10,317,449	\$ 278,146	\$ 23,502	\$ -	\$ 3,022	\$ 75,450	\$ -	\$ -	\$ 475,664	\$ 42,036	\$ (60,964)	\$ (67,580)	\$ 18,857,017	\$ 353,724	\$ 19,210,741
Appropriation of 2013 earnings																	
Legal reserve	-	-	-	-	-	-	-	-	47,566	-	(47,566)	-	-	-	-	-	-
Special reserve	-	-	-	-	-	-	-	-	-	18,928	(18,928)	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	(236,003)	-	-	-	(236,003)	-	(236,003)
Issuance of common shares for cash	65,000	650,000	1,072,500	-	-	-	-	-	-	-	-	-	-	-	1,722,500	-	1,722,500
Equity component of convertible bonds issued	-	-	-	-	147,536	-	-	-	-	-	-	-	-	-	147,536	-	147,536
Cancellation of restricted shares for employees	(191)	(1,912)	-	-	-	-	-	(2,857)	-	-	-	-	-	4,769	-	-	-
Issuance of restricted shares for employees	2,000	20,000	-	-	-	-	-	39,400	-	-	-	-	-	(59,400)	-	-	-
Conversion of convertible bonds	12,439	124,390	-	229,700	(14,611)	-	-	-	-	-	-	-	-	-	339,479	-	339,479
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	-	15	-	-	65,541	65,556	-	65,556
Additional acquisition of partially owned subsidiaries at a percentage different from earlier ownership percentage	-	-	-	-	-	13,416	-	-	-	-	-	-	-	-	13,416	92,208	105,624
Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(12,335)	(12,335)
Compensation cost of employee share options	-	-	14,838	-	-	-	-	-	-	-	-	-	-	-	14,838	-	14,838
Net income for the year ended December 31, 2014	-	-	-	-	-	-	-	-	-	-	218,562	-	-	-	218,562	25,827	244,389
Other comprehensive income or loss for the year ended December 31, 2014, net of income tax	-	-	-	-	-	-	-	-	-	-	-	153,989	(40,457)	-	113,532	7,914	121,446
Total comprehensive income or loss for the year ended December 31, 2014	-	-	-	-	-	-	-	-	-	-	218,562	153,989	(40,457)	-	332,094	33,741	365,835
BALANCE AT DECEMBER 31, 2014	856,277	8,562,770	11,404,787	507,846	156,427	13,416	3,022	111,993	47,566	18,928	391,744	196,025	(101,421)	(56,670)	21,256,433	467,338	21,723,771
Issuance of shares upon exercise of employee share options	275	2,750	-	-	-	-	-	-	-	-	-	-	-	-	2,750	-	2,750
Appropriation of 2014 earnings																	
Legal reserve	-	-	-	-	-	-	-	-	21,856	-	(21,856)	-	-	-	-	-	-
Reversal of special reserve	-	-	-	-	-	-	-	-	-	(18,928)	18,928	-	-	-	-	-	-
Cash dividends distributed by the Corporation	-	-	-	-	-	-	-	-	-	-	(171,271)	-	-	-	(171,271)	-	(171,271)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,221)	(9,221)
Cancellation of restricted shares for employees	(391)	(3,903)	-	-	-	-	-	(6,532)	-	-	-	-	-	10,435	-	-	-
Issuance of restricted shares for employees	2,000	20,000	-	-	-	-	-	20,200	-	-	-	-	-	(40,200)	-	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	-	-	-	-	49,777	49,777	-	49,777
Additional acquisition of partially owned subsidiaries at a percentage different from earlier ownership percentage	-	-	-	-	-	315	-	-	-	-	-	-	-	-	315	191,054	191,369
Noncontrolling Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,513	16,513
Net loss for the year ended December 31, 2015	-	-	-	-	-	-	-	-	-	-	(1,455,641)	-	-	-	(1,455,641)	(82,761)	(1,538,402)
Other comprehensive income or loss for the year ended December 31, 2015, net of income tax	-	-	-	-	-	-	-	-	-	-	-	43,584	30,347	-	73,931	16,633	90,564
Total comprehensive income or loss for the year ended December 31, 2015	-	-	-	-	-	-	-	-	-	-	(1,455,641)	43,584	30,347	-	(1,381,710)	(66,128)	(1,447,838)
BALANCE AT DECEMBER 31, 2015	858,161	\$ 8,581,617	\$ 11,404,787	\$ 507,846	\$ 156,427	\$ 13,731	\$ 3,022	\$ 125,661	\$ 69,422	\$ -	\$ (1,238,096)	\$ 239,609	\$ (71,074)	\$ (36,658)	\$ 19,756,294	\$ 599,556	\$ 20,355,850

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

(With Deloitte & Touche auditors' report dated March 24, 2016).

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (1,552,955)	\$ 221,989
Adjustments for:		
Depreciation	2,064,426	2,010,938
Amortization	3,953	47,688
Net (gain) loss on financial assets and liabilities at fair value through profit or loss	(9,225)	14,620
Loss on disposal of investment	955	14,072
Allowance (reversal of allowance) for doubtful accounts	311,901	(52)
(Reversal of provision) provision for loss on inventories	(35,544)	40,698
Share of loss of associates	8,064	42,694
Impairment loss on financial assets	98,826	-
Realized gain from associates	(42,335)	(207,582)
Reclassified from property, plant and equipment to expense	29	22,470
Gain on disposal of property, plant and equipment	(15)	-
Impairment loss on property, plant and equipment	13,544	69,338
Gain on reversal of impairment loss on property, plant and equipment	-	(32,699)
Gain on disposal of noncurrent assets held for sale	(801)	(73,933)
Impairment loss on noncurrent assets held for sale	7,749	-
Impairment loss on prepayments	40,496	-
Compensation cost of restricted shares for employees	49,777	65,556
Compensation cost of employee share options	-	14,838
Interest income	(100,230)	(115,444)
Dividend income	(3,680)	-
Finance costs	262,442	245,238
Gain from bargain purchase	(1,082)	-
Net loss (gain) on foreign exchange	20,023	(10,100)
Changes in operating assets and liabilities:		
Notes and accounts receivable	212,001	(685,135)
Accounts receivable - related parties	(134,994)	130,346
Other receivables	7,630	(274,915)
Other receivables - related parties	173,897	(679,975)
Inventories	(1,818,299)	(564,812)
Prepayments (including noncurrent)	(114,068)	115,492
Other current assets	1,147,156	(31,291)
Notes and accounts payable	397,157	(888,913)
Accounts payable - related parties	(84,370)	308,519
Bonuses payable to employees and directors	(37,067)	(39,379)
Accrued expenses	(55,077)	(40,688)
Deferred revenue	(34,239)	285,704
Receipts in advance	(121,359)	193,821
Other current liabilities	24,024	219
Provisions	66,398	62,402
Income taxes refunded (paid)	6,161	(8,696)
Net cash generated from operating activities	<u>771,269</u>	<u>253,028</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale financial assets	2,956	12,695
Purchase of debt investment with no active market	(310,103)	-
Acquisition of financial assets carried at cost	(8,850)	(42,500)
Acquisition of investment accounted for using the equity method	-	(104,024)
Increase in prepayments for investments	(70,022)	-
Net cash outflow on acquisition of subsidiaries	(308,505)	(11,995)
Net cash inflow on disposal of subsidiaries	-	451,742
Proceeds from sale of noncurrent asset held for sale	20,870	410,000
Acquisition of property, plant and equipment	(2,078,842)	(2,123,341)
Proceeds from disposal of property, plant and equipment	15	-

(Continued)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
Acquisition of intangible assets	\$ (519)	\$ (77)
Increase in restricted assets	(636,861)	(291,186)
Increase in pledged time deposits	(8,083)	(194,298)
Increase in pledged bank acceptances	(50,744)	-
Decrease in finance lease receivables	71,761	75,046
Interest received	100,593	115,446
Dividends received	3,680	-
Increase in refundable deposits	(260,840)	(229,182)
Decrease in refundable deposits	143,345	13,649
Increase in other noncurrent assets	(96,313)	(10,841)
Decrease in other noncurrent assets	<u>24,916</u>	<u>41,280</u>
Net cash used in investing activities	<u>(3,461,546)</u>	<u>(1,887,586)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	18,596,916	15,688,300
Decrease in short-term bank loans	(15,387,775)	(15,492,318)
Increase in short-term bill payable	49,912	-
Proceeds from issuance of bonds	-	3,496,104
Proceeds from long-term bank loans	1,323,056	560,605
Repayments of long-term bank loans	(2,002,149)	(2,142,579)
Issuance of preference share liabilities	-	470,000
Increase in guarantee deposits	-	49
Decrease in guarantee deposits	(1,015)	-
Dividends paid to owners of the parent	(171,271)	(236,003)
Dividends paid to noncontrolling interest	(9,221)	-
Proceeds from issuance of common shares	-	1,722,500
Proceeds from the exercise of employee share options	2,750	-
Interest paid	(174,580)	(204,992)
Increase in noncontrolling interests	<u>191,369</u>	<u>105,624</u>
Net cash generated from financing activities	<u>2,417,992</u>	<u>3,967,290</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>49,260</u>	<u>16,433</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(223,025)	2,349,165
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>8,721,777</u>	<u>6,372,612</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 8,498,752</u>	<u>\$ 8,721,777</u>

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

(With Deloitte & Touche auditors' report dated March 24, 2016)

(Concluded)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. ORGANIZATION AND OPERATION

Neo Solar Power Corp. (NSP) was incorporated in the Republic of China on August 26, 2005. NSP specializes in manufacturing high-quality solar cells, solar cell modules and wafers. NSP's main business activities include researching, developing, designing, manufacturing and selling solar cells and doing other solar-related businesses. Its common shares have been listed on the Taiwan Stock Exchange (TSE) since January 2009. NSP also issued global depository shares (GDS), which are listed on the Luxembourg Stock Exchange and have been traded on the Euro MTF Market of the Luxembourg Stock Exchange since July 2011 and have been completely converted into common shares in March 2014. For the main business activities of NSP and its subsidiaries (collectively referred to as "the Corporation"), refer to Notes 4 and 43.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the board of directors of NSP on March 15, 2016.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC).

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Corporation should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the "IFRSs") endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting on January 1, 2015.

Except for the following, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version did not have any material impact on the Corporation's accounting policies:

1) IFRS 12 "Disclosure of Interests in Other Entities"

IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than in the previous standards. Please refer to Note 15 and Note 16 for related disclosures.

2) IFRS 13 "Fair Value Measurement"

IFRS 13 establishes a single source of guidance for fair value measurements. It defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The disclosure requirements in IFRS 13 are more extensive than those required by the previous standards. For example, quantitative and qualitative disclosures based on the

three-level fair value hierarchy previously required only for financial instruments only will be extended by IFRS 13 to cover all assets and liabilities within its scope.

The fair value measurements under IFRS 13 are applied prospectively from January 1, 2015. Refer to Note 37 for related disclosures.

b. New IFRSs in issue but not yet endorsed by the FSC

On March 10, 2016, the FSC announced the scope of the 2016 version of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective date. In addition, the FSC announced that the Company should apply IFRS 15 starting January 1, 2018. As of the date the financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
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
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

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

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition

date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Corporation's accounting policies, except for the following:

1) IFRS 9 "Financial Instruments"

The recognition and measurement of financial assets

With regards to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Corporation's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

- a) For debt instruments, if they are held within a business model whose objective is to collect the contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with impairment loss recognized in profit or loss, if any. Interest revenue is recognized in profit or loss by using the effective interest method.
- b) For debt instruments, if they are held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gain or loss shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for above, all other financial assets are measured at fair value through profit or loss. However, the Corporation may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The impairment of financial assets

IFRS 9 requires that impairment loss on financial assets is recognized by using the "Expected Credit Losses Model". The credit loss allowance is required for financial assets measured at amortized cost, financial assets mandatorily measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 "Revenue from Contracts with Customers", certain written loan commitments and financial guarantee contracts. A loss allowance for the 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Corporation takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

2) Amendment to IAS 36 “Recoverable Amount Disclosures for Non-financial Assets”

In issuing IFRS 13 “Fair Value Measurement,” the IASB made consequential amendment to the disclosure requirements in IAS 36 “Impairment of Assets,” introducing a requirement to disclose in every reporting period the recoverable amount of an asset or each cash-generating unit (CGU). The amendment clarifies that such disclosure of recoverable amounts is required only when an impairment loss has been recognized or reversed during the period. If the asset’s or CGU’s recoverable amount (based on fair value less costs of disposal) is determined using a present value technique, the discount rate used in determining impairment or impairment reversal should be disclosed.

3) Annual Improvements to IFRSs: 2010-2012 Cycle

Several standards, including IFRS 2 “Share-Based Payment,” IFRS 3 “Business Combinations” and IFRS 8 “Operating Segments,” were amended in this annual improvement.

The amended IFRS 2 changes the definitions of “vesting condition” and “market condition” and adds definitions of “performance condition” and “service condition.” The amendment clarifies that a performance target can be based on the operations of the Corporation or another entity in the same group (i.e., a non-market condition) or the market price of the equity instruments of the Corporation or another entity in the same group (i.e., a market condition); that a performance target might relate either to the performance of all or a part of the Corporation (e.g., a division); and that the period for achieving a performance target must not go beyond the end of the service period. In addition, a share market index target is not a performance condition because it not only reflects the performance of the Corporation but also those of entities other than the Corporation.

IFRS 3 was amended to clarify that contingent consideration should be measured at fair value, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39. Changes in fair value should be recognized in profit or loss.

The amended IFRS 8 requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have similar economic characteristics. The amendment also clarifies that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should be provided only if the segments’ assets are regularly reported to the chief operating decision-maker.

IFRS 13 was amended to clarify that short-term receivables and payables with no stated interest rate can still be measured at their invoice amounts without discounting if the effect of not discounting is immaterial.

IAS 24 “Related Party Disclosures” was amended to clarify that a management entity providing key management personnel services to the Corporation is a related party of the Corporation. Consequently, the Corporation is required to disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

4) Annual Improvements to IFRSs: 2011-2013 Cycle

Several standards, including IFRS 3, IFRS 13 and IAS 40 “Investment Property,” were amended in this annual improvement.

IFRS 3 was amended to exclude from the scope of IFRS 3 the accounting for the formation of joint arrangements in the financial statements of the joint arrangement itself.

IFRS 13 was amended to clarify that the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis applies to all contracts within the scope of IAS 39 “Financial Instruments: Recognition and Measurement” or IFRS 9 “Financial Instruments” whether or not these contracts meet the definitions of financial assets or financial liabilities as stated in IAS 32 “Financial Instruments: Presentation.”

5) Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”

The entity should use appropriate depreciation and amortization method to reflect the pattern in which the future economic benefits of the property, plant and equipment and intangible asset are expected to be consumed by the entity.

The amended IAS 16 “Property, Plant and Equipment” requires that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate. The amended standard does not provide any exception from this requirement.

The amended IAS 38 “Intangible Assets” requires that there is a rebuttable presumption that an amortization method that is based on revenue that is generated by an activity that includes the use of an intangible asset is not appropriate. This presumption can be overcome only in the following limited circumstances:

- a) In which the intangible asset is expressed as a measure of revenue (for example, the contract that specifies the entity’s use of the intangible asset will expire upon achievement of a revenue threshold); or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.

An entity should apply the aforementioned amendments prospectively for annual periods beginning on or after the effective date.

6) IFRS 15 “Revenue from Contracts with Customers”

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- a) Identify the contract with the customer;
- b) Identify the performance obligations in the contract;
- c) Determine the transaction price;
- d) Allocate the transaction price to the performance obligations in the contracts; and

- e) Recognize revenue when the entity satisfies a performance obligation.

When IFRS 15 is effective, an entity may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

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

The amendments stipulated that, when an entity 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 an entity 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 an entity 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 unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated.

8) Annual Improvements to IFRSs: 2012-2014 Cycle

Several standards including IFRS 5 “Non-current assets held for sale and discontinued operations”, IFRS 7, IAS 19 and IAS 34 were amended in this annual improvement.

IFRS 5 was amended to clarify that reclassification between non-current assets (or disposal group) “held for sale” and non-current assets “held for distribution to owners” does not constitute a change to a plan of sale or distribution. Therefore, previous accounting treatment is not reversed. The amendment also explains that assets that no longer meet the criteria for “held for distribution to owners” and do not meet the criteria for “held for sale” should be treated in the same way as assets that cease to be classified as held for sale.

9) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Corporation is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Corporation may elect to apply the accounting method similar to the accounting for operating lease under IAS 17 to the low-value and short-term leases. On the statements of comprehensive income, the Corporation should present the depreciation expense charged on the right-of-use asset separately from interest expense accrued on the lease liability; interest is computed by using effective interest method. On the statements of cash flows, cash payments for the principal portion of the lease liability are classified within financing activities; cash payments for interest portion are classified within financing activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Corporation as lessor.

When IFRS 16 becomes effective, the Corporation may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this Standard recognized at the date of initial application.

10) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Corporation expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Corporation should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses to deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Corporation’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Corporation will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible temporary differences.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

- 1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of NSP and its subsidiaries.

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by NSP.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of NSP and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

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

When the Corporation loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any noncontrolling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Corporation accounts for all amounts recognized in other comprehensive income in relation to that

subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

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

See Note 15 and Table 7 for the detailed information of subsidiaries, the percentage of ownership and main business.

e. Business combinations

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

Goodwill is measured as the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree in excess of the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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

f. Foreign currencies

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

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

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

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

For purposes of presenting consolidated financial statements, the assets and liabilities of the Corporation's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising are recognized in other comprehensive income and attributed to the owners of NSP and noncontrolling interests as appropriate.

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

In relation to a partial disposal of a subsidiary that does not result in the Corporation losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to

non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories

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

h. Investments in associates and joint ventures

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

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

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

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

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

The entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

The Corporation discontinues the use of the equity method from the date on which its investment ceases to be an associate and a joint venture. Any retained investment is measured at fair value at that date

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

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

i. Property, plant, and equipment

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

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

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

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are reported at cost less accumulated amortization and accumulated impairment loss.

Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

2) Derecognition of intangible assets

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

l. Impairment of tangible and intangible assets other than goodwill

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

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

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

m. Noncurrent assets held for sale

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

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

n. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

Financial assets are classified into financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

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

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset.

Fair value is determined in the manner described in Note 37.

ii. Available-for-sale financial assets

Available-for-sale (AFS) financial assets are nonderivatives that either are designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

AFS financial assets are measured at fair value. Dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amounts of AFS financial assets are recognized in other comprehensive income and accumulated under other equity-unrealized gain (loss) on available-for-sale financial assets. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the other equity-unrealized gain (loss) on available-for-sale financial assets is reclassified to profit or loss.

Dividends on AFS equity instruments are recognized in profit or loss when the Corporation's right to receive the dividends is established.

AFS equity investments with no quoted market prices in an active market and with fair values that cannot be reliably measured are measured at cost less any identified impairment loss at the end of each reporting period and are recognized in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The

difference between carrying amount and fair value is recognized in other comprehensive income. Any impairment losses are recognized in profit or loss.

iii. Loans and receivables

Loans and receivables (including notes and accounts receivable, cash and cash equivalents and debt investments with no active market) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents include time deposits that are highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables, assets are collectively assessed for impairment even if they were assessed as not impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Corporation's past experience in collecting payments and an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets measured at amortized cost, if the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered an objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- i. Significant financial difficulty of the issuer or counterparty; or
- ii. Breach of contract, such as a default or delinquency in interest or principal payments; or
- iii. It becoming probable that the borrower will undergo bankruptcy or financial reorganization; or
- iv. The disappearance of an active market for that financial asset because of financial difficulties.

When an available-for-sale financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For available-for-sale equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the unrealized gains or losses.

For financial assets that are carried at cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. This impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectible trade receivables and other receivables that are written off against the allowance account.

c) Derecognition of financial assets

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

On derecognition of a financial asset other than in its entirety, the Corporation allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized is recognized in profit or loss.

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

i. Financial liabilities at fair value through profit or loss

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

Financial liabilities held for trading are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 37.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (convertible bonds) issued by the Corporation are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the fair value of similar nonconvertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished on conversion or on the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, and the balance recognized in equity will then be transferred to capital surplus - conversion of bonds. When the conversion option remains unexercised on bond maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

The ratios at which the transaction costs of the issue of convertible bonds are allocated to the liability and equity components of convertible bonds are the same as the ratios used in allocating the gross proceeds to the liability and equity components. Transaction costs on the equity component are recognized directly in equity and those on the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

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

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

nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; otherwise, the derivative is recognized as a financial liability.

Derivatives embedded in nonderivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at fair value through profit or loss.

o. Provisions

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

Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products and at the Corporation management's best estimate of the expenditure required to settle the obligations.

p. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and similar allowances.

1) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- a) The Corporation has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Corporation retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Corporation; and
- e) The costs incurred or to be incurred can be measured reliably.

The Corporation does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2) Revenue from the sale of power facility construction

The Revenue from the sale of power facility construction is recognized in accordance with IAS 18 "Revenue"

3) Rendering of services

Service income is recognized when services are provided.

4) Construction contracts

Contract revenue is recognized when its receipt is considered probable and the amount can be measured reliably, including variations in contract work, claims and incentive payments. When the outcome of a construction contract can be estimated reliably, revenue and costs are recognized by reference to the stage of completion of the contract activity at the end of the reporting period. Costs related to the contracts are recognized as assets to the extent of recoverable contract costs incurred.

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

6) Dividend and interest income

Dividend income from investments is recognized when the Corporation's right to receive payment has been established and if it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Corporation and the amount of income can be measured reliably. Interest income is accrued over time by reference to the principal outstanding and the effective interest rate applicable.

q. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Because the Corporation entered into several electricity purchase agreements which were covered by IFRIC4 "Determining Whether and Arrangement contains a Lease", they were accounted for as finance lease.

1) The Corporation as lessor

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Corporation's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Corporation's net investment outstanding in respect of the leases.

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

2) The Corporation as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term. Contingent rents are recognized as an expense in the period in which they are incurred.

r. Government grants

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

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

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

s. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

1) Employee share options and restricted shares for employees

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

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

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

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

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

u. Taxation

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

1) Current tax

Based on the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve the retention of earnings.

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be used.

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

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

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

3) Current and deferred tax for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

a. Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. If the actual future cash flows are less than expected, a material impairment loss may arise.

b. Income taxes

The realizability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available. If the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which would be recognized in profit or loss for the period in which such a reversal takes place.

c. Estimated impairment of notes and accounts receivable

When there is objective evidence of impairment loss, the Corporation takes into consideration the estimation of future cash flows. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If the actual future cash flows are less than expected, a material impairment loss may arise.

d. Estimated impairment of assets other than goodwill

In assessing assets for impairment, the Corporation should estimate their future cash flows, useful lives, estimated income on and expenses for the assets, and how the assets are being used as well as economic and industry developments, the way the assets being used and the feature of the industry. Any change of economic condition or of the estimation due to the Corporation's strategy may lead to a material impairment loss in the future.

For 2015 and 2014, the Corporation's impairment loss on property, plant and equipment amounted to \$13,544 thousand and \$69,338 thousand, respectively; impairment loss on noncurrent assets held for sale amounted to \$7,749 thousand and \$0, respectively; impairment loss on prepayments amounted to \$40,496 thousand and \$0, respectively; and loss on financial assets amounted to \$98,826 thousand and \$0, respectively.

e. Useful lives of property, plant and equipment

As described in Note 4 i. above, the Corporation reviews the estimated useful lives of property, plant and equipment at each balance sheet date. Based on an evaluation report by China Property Appraising Co., Ltd., which used industry meta-analysis, functional analysis and economic analysis, the actual useful lives of NSP's equipment had exceeded their original useful lives. Management thus determined that the useful lives of some machinery and equipment should be extended from 6 years to 8 or 11 years from April 1, 2013.

The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease the consolidated depreciation expense in the period from April 1, 2013 to December 31, 2013 and for the next three years by the following amounts:

April 1, 2013 to December 31, 2013	\$ 544,302
2014	586,140
2015	371,989
2016	155,779

f. Valuation of inventory

Net realizable value of inventory is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale. The estimation of net realizable value was based on current market conditions and the historical experience of selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of net realizable value.

g. Finance lease receivables

In assessing the amounts of finance lease receivables and revenue, management should consider the estimation of the Corporation's future cash flows and the discount rate used to determine the present value of minimum lease payments. Relevant assumptions include the expected operating rate of certain power-generating facilities and the economic lives and recoverable residual value of these facilities. If actual future cash flows are less than expected, a material impairment loss may arise. Please refer to Note 12.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2015	2014
Demand deposits	\$ 7,085,212	\$ 6,838,774
Checking accounts	61,723	71,776
Cash on hand	4,254	783
Cash equivalents		
Bankers' acceptances	284,763	433,294
Time deposits	<u>1,062,800</u>	<u>1,377,150</u>
	<u>\$ 8,498,752</u>	<u>\$ 8,721,777</u>

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

	December 31	
	2015	2014
Bank balance	0%-3.33%	0%-3.00%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2015	2014
<u>Financial assets at FVTPL</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	<u>\$ 29</u>	<u>\$ 1,514</u>

(Continued)

	December 31	
	2015	2014
<u>Financial liabilities at FVTPL</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ 5,968	\$ 16,773
Interest swap contracts (b)	<u>134</u>	<u>39</u>
	<u>\$ 6,102</u>	<u>\$ 16,812</u>
		(Concluded)

- a. At the end of the reporting period, outstanding foreign exchange forward contracts consisted of the following:

	Currency	Maturity Date	Contract Amount (In Thousands)		
<u>December 31, 2015</u>					
Sell	Sell EUR/Buy USD	February 8, 2016	EUR	2,000/USD	2,180
Sell	Sell EUR/Buy USD	February 9, 2016	EUR	2,000/USD	2,171
Sell	Sell EUR/Buy USD	March 10, 2016	EUR	2,000/USD	2,191
Buy	Sell RMB/Buy USD	January 21, 2016	RMB	9,832/USD	1,500
Buy	Sell JPY/Buy USD	February 26, 2016	JPY	300,000/USD	2,451
Buy	Sell JPY/Buy USD	March 1, 2016	JPY	300,000/USD	2,455
Buy	Sell JPY/Buy USD	March 1, 2016	JPY	300,000/USD	2,455
Buy	Sell JPY/Buy USD	March 11, 2016	JPY	200,000/USD	1,632
<u>December 31, 2014</u>					
Sell	Sell USD/Buy NTD	January 9, 2015	USD	2,000/NTD	60,921
Sell	Sell USD/Buy NTD	January 12, 2015	USD	2,000/NTD	60,906
Sell	Sell USD/Buy NTD	February 2, 2015	USD	4,000/NTD	124,104
Sell	Sell USD/Buy NTD	February 4, 2015	USD	2,000/NTD	62,050
Sell	Sell USD/Buy NTD	February 11, 2015	USD	1,000/NTD	31,734
Sell	Sell USD/Buy NTD	February 13, 2015	USD	2,000/NTD	63,208
Sell	Sell USD/Buy NTD	February 24, 2015	USD	3,000/NTD	93,033
Sell	Sell USD/Buy NTD	February 26, 2015	USD	3,000/NTD	93,030
Sell	Sell USD/Buy NTD	March 2, 2015	USD	2,000/NTD	62,014
Sell	Sell USD/Buy NTD	March 4, 2015	USD	2,000/NTD	62,012
Sell	Sell USD/Buy NTD	March 6, 2015	USD	2,000/NTD	62,010
Sell	Sell USD/Buy NTD	March 12, 2015	USD	2,000/NTD	63,438
Sell	Sell USD/Buy NTD	March 16, 2015	USD	2,000/NTD	63,438
Sell	Sell USD/Buy NTD	March 20, 2015	USD	2,000/NTD	63,426
Sell	Sell USD/Buy NTD	March 27, 2015	USD	2,000/NTD	63,424
Sell	Sell USD/Buy NTD	March 31, 2015	USD	1,000/NTD	31,583
Buy	Sell JPY/Buy USD	January 15, 2015	JPY	330,000/USD	2,793

The Corporation entered into derivative transactions during 2015 and 2014 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 interest swap contracts consisted of the following:

Contract Amount (In Thousands)	Maturity Period	Interest Rates - Payments	Interest Rates - Receipts
<u>December 31, 2015</u>			
\$ 25,700	May 28, 2013-May 28, 2018	1.150%	0.808% (floating)
<u>December 31, 2014</u>			
\$ 25,700	May 28, 2013-May 28, 2018	1.150%	0.891% (floating)

The Corporation entered into derivative transactions in 2015 and 2014 to manage exposures of assets and liabilities to interest rate changes.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Noncurrent</u>		
Domestic quoted shares		
ThinTech Materials Technology Co., Ltd. (TTMC)	<u>\$ 109,873</u>	<u>\$ 159,578</u>

As of December 31, 2015 and 2014, the carrying amount of the Corporation's investment in TTMC's private-placement shares amounted to \$103,950 thousand and \$149,450 thousand, respectively, under Article 43-8 of the Securities and Exchange Act, there is a legally enforceable restriction on private-placement shares, which prevents their trading.

After assessing, the Corporation recognized an impairment loss on the Corporation's investment in TTMC recorded under nonoperating income and expenses-impairment loss on financial assets in the amount of \$77,576 thousand for the year ended December 31, 2015.

Except stated above, the available-for-sale financial assets had not been pledged as security or for other purposes.

9. FINANCIAL ASSETS CARRIED AT COST

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Noncurrent</u>		
Domestic unlisted common shares		
EXOJET Technology Corporation ("EXOJET")	\$ 30,100	\$ 42,500
Overseas unlisted common shares		
SUN APPENNINO CORPORATION	22,590	22,590
FICUS CAPITAL CORPORATION	1,259	1,259
TG ENERGY SOLUTIONS LCC	<u>662</u>	<u>634</u>
	<u>\$ 54,611</u>	<u>\$ 66,983</u>
Classified according to financial asset measurement categories		
Available-for-sale financial assets	<u>\$ 54,611</u>	<u>\$ 66,983</u>

Management believed that the above domestic and foreign unlisted equity investments held by the Corporation, whose fair value cannot be reliably measured due to the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of reporting period.

The Corporation assessed the recoverable amount of the investment in EXOJET and recognized impairment loss under nonoperating income and expenses-impairment loss on financial assets in the amount of \$21,250 thousand for the year ended December 31, 2015; in December 2015, the Corporation subscribed for additional 885 thousand shares of EXOJET by \$8,850 thousand and held a 16.91% interest in EXOJET as of December 31, 2015.

The financial assets at cost were not used as guarantee or collateral for loan and do not have other operating restrictions.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31, 2015
<u>Non-current</u>	
Puttable preferred stock (C-Share II)-Phanes Holding Inc.	\$ 146,453
Puttable preferred stock (C-Shares III)-Phanes Holding Inc.	<u>163,650</u>
	<u>\$ 310,103</u>

Phanes Holding Inc., a project developer, is an overseas unlisted company. General Energy Solutions (GES) has successfully built several power facilities in the UK and Dominican Republic through the cooperative relationship with Phanes. In order to build a long-term cooperative strategic relationship with Phanes, GES subscribed for the following preferred stocks issued by Phanes at par:

- 1) two-year puttable preferred stock (C-Shares II) for 4,500 shares amounting to US\$4,500 thousand (\$146,453 thousand) for 100% interest
- 2) five-year puttable preferred stock (C-Shares III) for 24,000 shares amounting to US\$5,000 thousand (\$163,650 thousand) for 100% interest

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

The debt investments with no active market had not been pledged as security as of December 31, 2015.

At the end of the reporting period, the registration process of the puttable preferred stock was underway.

11. NOTES AND ACCOUNTS RECEIVABLE AND INSTALLMENT ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2015	2014
<u>Notes and accounts receivable</u>		
Notes and accounts receivable	\$ 4,926,841	\$ 4,990,160
Accounts receivable - related parties	340,460	193,495
Less: Allowance for impairment loss	<u>(321,652)</u>	<u>(7,463)</u>
	<u>\$ 4,945,649</u>	<u>\$ 5,176,192</u>
<u>Other receivables</u>		
Other receivables - related parties	\$ 476,099	\$ 652,560
Sales tax refund receivable	57,511	39,526
Others	<u>9,834</u>	<u>37,240</u>
	<u>\$ 543,444</u>	<u>\$ 729,326</u>

a. Notes and accounts receivable

The credit periods for the sale of goods were (a) 30 to 120 days after the end of the month; (b) 14 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 determining the recoverability of accounts receivable, the Corporation considered any change in the credit quality of the accounts receivable since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss was recognized on the basis of irrecoverable amounts estimated through aging analysis, reference to past default of the counterparties and an assessment of their current financial position.

For the accounts receivable that were past due at the end of the reporting period, the Corporation did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were considered recoverable. In addition, the Corporation had obtained proper collateral or other credit enhancements for these receivables. As of December 31, 2015 and 2014, the amounts of collaterals or other credit enhancements for these receivables were \$89,565 thousand and \$85,019 thousand, respectively. The Corporation had no legal right to offset the receivables against any amounts owed by the Corporation to the counterparties.

The aging of receivables was as follows:

	December 31	
	2015	2014
Up to 60 days	\$ 4,735,550	\$ 4,237,483
61-90 days	12,413	703,077
91-120 days	55,600	44,434
More than 120 days	<u>463,738</u>	<u>198,661</u>
Total	<u>\$ 5,267,301</u>	<u>\$ 5,183,655</u>

Above analysis was based on the past due date.

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2015	2014
Up to 60 days	\$ 486,868	\$ 471,624
61-90 days	12,413	703,077
91-120 days	55,600	44,434
More than 120 days	<u>142,085</u>	<u>124,647</u>
	<u>\$ 696,966</u>	<u>\$ 1,343,782</u>

Above analysis was based on the past due date.

Movements in the allowance for impairment loss recognized on notes receivable and accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	\$ 7,328	\$ -	\$ 7,328
Reversal of impairment loss recognized on receivables	(52)	-	(52)
Translation adjustments	<u>187</u>	<u>-</u>	<u>187</u>
Balance at December 31, 2014	<u>\$ 7,463</u>	<u>\$ -</u>	<u>\$ 7,463</u>
Balance at January 1, 2015	\$ 7,463	\$ -	\$ 7,463
Impairment loss recognized on receivables	311,901	-	311,901
Translation adjustments	<u>2,288</u>	<u>-</u>	<u>2,288</u>
Balance at December 31, 2015	<u>\$ 321,652</u>	<u>\$ -</u>	<u>\$ 321,652</u>

Allowance for impairment loss included individually impaired accounts receivable amounting to \$321,652 thousand and \$7,463 thousand as of December 31, 2015 and 2014, respectively. These amounts relate to the Corporation's risk control process involving customers with tight cash flows. The impairment recognized represents the difference between the carrying amount of these accounts receivables and the present value of the expected proceeds received from liquidation. The Corporation did not hold any collateral on these impaired receivables.

b. Installment accounts receivable and other receivables

	December 31	
	2015	2014
Gross amount of installment accounts receivable	\$ 399,408	\$ -
Unrealized interests revenue	<u>(42,005)</u>	<u>-</u>
	<u>\$ 357,403</u>	<u>\$ -</u>
Other receivables	\$ 543,444	\$ 729,326
Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 543,444</u>	<u>\$ 729,326</u>

At the end of the reporting period, installment accounts receivable from sales of machinery and equipment with the total amount below expected to be recovered during 2016 to 2026 are as follows:

Year	Amount
2016	\$ 18,717
2017	32,663
2018	33,405
2019	34,164
2020	34,940
2021	35,733
2022	36,544
2023	37,374
2024	38,223
2025	39,091
2026	<u>16,549</u>
	<u>\$ 357,403</u>

None of the Corporation's installment accounts receivable was past due or impaired.

The credit period was basically 60 days after the end of the month. Allowance for impairment loss was recognized on the basis of estimated irrecoverable amounts determined by aging analysis, reference to past default experience of the counterparties and an assessment of their current financial position.

The status of other receivables at the end of the reporting period is presented in the following table, which shows that other receivables had not been impaired.

	December 31	
	2015	2014
Neither past due nor impaired	\$ 265,039	\$ 404,294
Past due but not impaired - more than 120 days	<u>278,405</u>	<u>325,032</u>
	<u>\$ 543,444</u>	<u>\$ 729,326</u>

Above analysis was based on the past due date.

12. FINANCE LEASE RECEIVABLES

	December 31	
	2015	2014
<u>Gross investment in leases</u>		
Not later than one year	\$ 201,477	\$ 122,622
Over one year to five years	795,686	484,217
Later than five years	<u>2,136,843</u>	<u>1,150,454</u>
	3,134,006	1,757,293
Less: Unearned finance income	<u>1,128,271</u>	<u>584,264</u>
Present value of minimum lease payments	<u>\$ 2,005,735</u>	<u>\$ 1,173,029</u>

The Corporation entered into several electricity purchase agreements (refer to Note 40) for the Corporation to sell all electricity to Taiwan Power Company, Tokyo Electric Power Company, Inc., Good Energy Limited and Indianapolis Power & Light Company, etc. after the electric generating facilities are operating with distribution system. The average term of finance leases entered into was 15 to 20 years. Since these agreements were covered by IFRIC 4 “Determining Whether an Arrangement contains a Lease” and IAS 17 “Leases,” they were accounted for as finance lease.

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The effective interest rate contracted was 3.02%-6.918% per annum.

The amounts of finance lease receivables pledged as collateral for bank loans are shown in Note 39.

The finance lease receivables as of December 31, 2015 and 2014 were neither past due nor impaired.

13. INVENTORIES

	December 31	
	2015	2014
Finished goods	\$ 1,010,463	\$ 791,525
Work in progress	302,321	301,913
Raw materials	1,043,390	742,204
Power facility construction in progress	<u>1,896,933</u>	<u>208,079</u>
	<u>\$ 4,253,107</u>	<u>\$ 2,043,721</u>

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

Allowances for inventory losses were \$301,657 thousand and \$337,412 thousand as of December 31, 2015 and 2014, respectively.

In 2015, the cost of sales related to inventories was \$21,631,655 thousand, which included (1) unallocated fixed manufacturing overheads of \$393,941 thousand; (2) income of \$26,785 thousand from the sale of scraps; and (3) a reversal of allowance for losses on inventories amounting to \$35,544 thousand. The reversal was due to the selling of obsolescent inventory and the decrease in unit cost of products.

In 2014, the cost of sales related to inventories was \$26,000,535 thousand, which included (1) unallocated fixed manufacturing overheads of \$284,059 thousand; (2) income of \$48,601 thousand from the sale of scraps; and (3) allowance for losses on inventories amounting to \$40,698 thousand.

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

14. NONCURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	December 31	
	2015	2014
Machinery and equipment	\$ 2,876	\$ 23,859
Advance payments	<u>-</u>	<u>10,330</u>
	<u>\$ 2,876</u>	<u>\$ 34,189</u>

In the second quarter of 2015, NSP intended to dispose of a parcel of machinery and equipment and miscellaneous equipment and reclassified such assets to noncurrent assets classified as held for sale. On November 10, 2015, NSP's board of directors approved the disposal of the above assets to TS Solartech Sdn Bhd. by installment payment. The disposal was completed on November 27, 2015. When reclassifying, NSP did not recognize any impairment loss.

The Corporation intended to disposal of some machinery and equipment and advance payments and completed the disposal transaction in 2015. The Corporation assessed that there was indications of impairment because their recoverable amount was estimated to be less than their carrying amount; thus, impairment losses of \$40,319 thousand was recognized on the reclassification of the assets held for sale for the year ended December 31, 2014. After assessing, the impairment losses of \$7,749 thousand was recognized as of December 31, 2015,

On June 11, 2014, NSP's board of directors approved the disposal of the Corporation's construction in progress, located in Hsin-chu Science Park, to MediaTek Inc. The disposal was completed on September 24, 2014, on which date the control of the construction in progress in the Hsin-chu Science Park was passed to the buyer. No impairment loss was recognized on reclassification of the asset as held for sale for the year ended December 31, 2014.

15. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2015	2014	
NSP	General Energy Solutions Inc. ("General Energy Solutions")	Electronic component manufacturing and selling	75.89	76.54	-
	Prime Energy Corp. ("Prime Energy")	Electronic component manufacturing and selling	100.00	100.00	-
	V5 Technology Ltd. ("V5 Technology")	Electronic component manufacturing and selling	61.33	60.00	Note 10
	New Ray Investment Corp. ("New Ray Investment")	Investment company	100.00	100.00	-
	DelSolar Holding Singapore Pte. Ltd. ("DelSolar Singapore")	Investment company	100.00	100.00	-
	DelSolar Holding (Cayman) Ltd. ("DelSolar Cayman")	Investment company	100.00	100.00	-
	NSP Systems (BVI) Ltd. ("NSP BVI")	Investment company	100.00	-	Note 3
	NSP UK Holding Limited ("NSP UK")	Investment company	100.00	-	Note 3
	Best Power Service Corp. ("BPS")	Solar-related business	60.00	-	-
	NSP System Development Corp. ("NSP System")	Investment company	100.00	-	-
	New Castle Investment Corp. ("New Castel")	Investment company	55.00	-	-
	Yong Tang Ltd. ("Yong Tang")	Solar-related business	-	-	Note 1
	Yong Liang Ltd. ("Yong Liang")	Solar-related business	100.00	100.00	-
	Yong Han Ltd. ("Yong Han")	Solar-related business	100.00	100.00	-
General Energy Solutions	Yong Zhou Ltd. ("Yong Zhou")	Solar-related business	100.00	100.00	-
	Yun Yeh Energy INC. ("Yun Yeh")	Solar-related business	100.00	-	-
	General Energy Solutions International Co., Ltd. ("GES Samoa")	Investment company	-	100.00	Note 5
	GES JAPAN CORPORATION ("GES JAPAN")	Investment company	-	100.00	Note 5
	Hashimoto Solar Power Station Co., Ltd. ("Hashimoto")	Solar-related business	-	-	Note 1
	GES Global Co. Limited ("GES BVI")	Investment company	-	-	Notes 2 and 9
	General Energy Solutions UK Limited ("GES UK")	Investment company	100.00	-	Note 5
	Canoga Limited ("Canoga")	Investment company	-	-	Note 7
	Abacus Renewable One Japan Ltd. ("Abacus")	Solar-related business	100.00	-	Notes 3 and 7
	General Energy Solutions UK Limited ("GES UK")	Investment company	-	100.00	Note 5

(Continued)

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2015	2014	
GES UK	General Energy Solutions USA, Inc. (“GES USA”)	Investment company	100.00	100.00	-
	GENERAL ENERGY SOLUTIONS PHILIPPENS, INC. (“GES PH”)	Solar-related business	100.00	100.00	-
	GES JAPAN	Investment company	100.00	-	Note 5
	NCH Solar 1 Limited (“NCH Solar 1”)	Solar-related business	100.00	40.00	Note 6
	GES Solar 2 Limited (“GES Solar 2”)	Solar-related business	100.00	-	Note 3
	GES Solar 3 Limited (“GES Solar 3”)	Solar-related business	100.00	-	Note 3
	GES Solar 4 Limited (“GES Solar 4”)	Solar-related business	-	-	Note 2
	GES Solar 5 Limited (“GES Solar 5”)	Solar-related business	-	-	Note 2
	GES Solar 6 Limited (“GES Solar 6”)	Solar-related business	-	-	Note 2
	GES Solar 7 Limited (“GES Solar 7”)	Solar-related business	-	-	Note 2
	GES Solar 8 Limited (“GES Solar 8”)	Solar-related business	-	-	Note 2
	General Energy Solutions CANADA Inc. (“GES CANADA”)	Investment company	100.00	-	-
GES USA	ET ENERGY SOLUTIONS LLC (“ET ENERGY”)	Solar-related business	100.00	100.00	-
	TIPPING POINT ENERGY COC PPA SPE-1, LLC (“TIPPING POINT”)	Solar-related business	100.00	100.00	-
	GES MEGAONE, LLC (“MEGAONE”)	Solar-related business	-	100.00	Note 4
	MEGATWO, LLC (“MEGATWO”)	Solar-related business	-	-	Note 2
	GES MEGATHREE, LLC (“MEGATHREE”)	Solar-related business	-	-	Note 1
	GES MEGAFOUR, LLC (“MEGAFOUR”)	Solar-related business	-	-	Note 4
	GES MEGAFIVE, LLC (“MEGAFIVE”)	Solar-related business	-	-	Note 2
	GES MEGASIX, LLC (“MEGASIX”)	Solar-related business	-	-	Note 2
	GES MEGASEVEN, LLC (“MEGASEVEN”)	Solar-related business	-	-	Note 2
	GES ASSET ONE, LLC. (“ASSET ONE”)	Solar-related business	-	-	Note 2
	GES ASSET TWO, LLC. (“ASSET TWO”)	Solar-related business	-	-	Note 2
	CENERGY PORTFOLIO LLC (“CENERGY”)	Solar-related business	-	-	Note 2
	SH4 SOLAR LLC (“SH4”)	Solar-related business	-	-	Note 2
	SEC Newco., LLC (“SEC Newco”)	Solar-related business	-	-	Note 4
	Bulldog Energy Airport LLC (“Bulldog”)	Solar-related business	-	-	Note 4
GES JAPAN	GES KYUSHU CORPORATION (“GES KYUSHU”)	Solar-related business	-	-	Note 1
	GES FUKUSHIMA CORPORATION (“GES FUKUSHIMA”)	Solar-related business	100.00	100.00	-
	ELECTRONIC J.R.C., S.R.L (“JRC”)	Solar-related business	100.00	-	-
GES CANADA	GES ASSET, INC. (“GES ASSET”)	Solar-related business	-	-	Note 8
DelSolar Cayman	DelSolar (HK) Ltd. (“DelSolar HK”)	Investment company	100.00	100.00	-
	DelSolar US Holdings (Delaware) Corporation (“DelSolar US”)	Investment company	100.00	100.00	-
	NSP SYSTEM NEVADA HOLDING CORP. (“NSP NEVADA”)	Solar-related business	-	-	Notes 2 and 9
DelSolar Singapore	DelSolar India EPC Company Private Ltd. (“DelSolar India”)	Solar-related business	100.00	100.00	-
NSP UK Holding Limited (NSP UK)	NSP Germang GmbH (“NSP Germany”)	Solar-related business	100.00	-	-
	UNA249, Equity Management GmbH (“UNA249”)	Solar-related business	100.00	-	-
NSP System Development Corp.	Hsin Jin Optoelectronics (“Hsin Jin Optoelectronics”)	Solar-related business	80.00	-	-
	Si One Corp. (“Si One”)	Solar-related business	100.00	-	-

(Continued)

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2015	2014	
NSP System Development Corp.	Hsin Jin Solar Energy Co., Ltd. ("Hsin Jin Solar Energy")	Solar-related business	60.00	-	-
DelSolar HK	DelSolar (Wu Jiang) Ltd. ("DelSolar Wu Jiang")	Solar-related business	100.00	100.00	-
	NSP Japan Inc. ("NSP Japan")	Solar-related business	100.00	-	Note 3
	Neo Solar Power (Nanchang) Ltd. ("NSP Nanchang")	Solar-related business	100.00	-	-
DelSolar US	DelSolar Development (Delaware) LLC ("DelSolar Development")	Solar-related business	100.00	100.00	-
	Clean Focus Renewables Inc. ("CFR")	Solar-related business	100.00	-	Note 3
	USD1 Owner LLC ("USD1")	Solar-related business	100.00	-	Note 3
	CF Vegas Holdings LLC ("CF Vegas")	Solar-related business	100.00	-	Note 3
DelSolar Wu Jiang	XYH (Suzhou) Energy Ltd. ("XYH Suzhou")	Solar-related business	100.00	-	Note 2
DelSolar	DSS-USF PHX LLC	Solar-related business	100.00	100.00	-
Development	DSS-RAL LLC	Solar-related business	100.00	100.00	-

(Concluded)

Note 1: In the second quarter of 2014, General Energy Solutions lost its control over Hashimoto and then lost its control over GES KYUSHU and Yong Tang in the third quarter and also lost its control over MEGATHREE as of December 31, 2014; the percentage of ownership decreased from 100% to 40% during 2014, thus Hashimoto, GES KYUSHU, Yong Tang and MEGATHREE were not deemed as a subsidiary of General Energy Solutions as of the date control was lost.

Note 2: GES BVI, MEGATWO, MEGAFIVE, MEGASIX, MEGASEVEN, ASSET ONE, ASSET TWO, GES Solar 4, GES Solar 5, GES Solar 6, GES Solar 7, GES Solar 8, CENERGY, SH4 and NSP NEVADA were deemed as subsidiaries of the Corporation in accordance with SIC 12 "Consolidation - Special Purpose Entities."

Note 3: NSP BVI, NSP UK, Abacus, GES Solar 2, GES Solar 3, GES CANADA, NSP JAPAN, CFR, USD1 and CF Vegas were once deemed as special purpose entities of the Corporation and became 100%-owned subsidiaries in 2015.

Note 4: SEC Newco, BULLDOG and MEGAFOUR were disposed in March 2015, in August 2015 and in October 2015, respectively. MEGAONE was invested in January 2014 and was disposed in June 2015.

Note 5: The Corporation has started simplifying the organization structure since 2013. In the end of 2013, General Energy Solutions (GES) sold its entire shares of GES UK to GES's 100% owned subsidiary, GES Samoa; and sold GES Samoa's entire shares of GES USA to GES Samoa's 100% owned second-tier subsidiary, GES UK; and sold GES's and GES UK's entire shares of GES FUKUSHIMA to GES's 100% owned subsidiary, GES JAPAN; and GES Samoa had been liquidated in the second half of 2014 and returned its entire share of GES UK to GES as return of capital shares, and the liquidation was completed in November 2015; and GES sold its entire shares of GES JAPAN to GES's 100% owned subsidiary, GES UK in the first quarter of 2015. The organizational restructuring did not result in any gain or loss.

Note 6: GES UK's 40% equity investment in NCH Solar 1 in October 2014 and the subscription for the remaining 60% equity in May 2015 turned NCH Solar 1 into 100% owned subsidiary instead of investment accounted for using the equity method.

Note 7: Abacus located in Japan indirectly became 100%-owned subsidiary of the Corporation by acquiring HongKong-based Canoga Limited (Canoga) in March 2015. In order to simplify the organization structure, Canoga sold its entire shares of Abacus at the carrying values to the Corporation in September 2015. The liquidation had been completed in January 2016.

Note 8: GES ASSET was in the process of liquidation as of November 1, 2014 and the deregistration formalities had been completed as of December 1, 2014.

Note 9: The capital has not been invested as of December 31, 2015.

Note 10: The subsidiaries that were non-significant and whose financial statements have not been audited. The management believes that an audit of the financial statements of these subsidiaries would not result in significant impact on the Corporation's consolidated financial statements.

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

Name of Subsidiary	Principal Place of Business	% of Ownership and Voting Rights Held by Non-controlling Interests	
		December 31	
		2015	2014
General Energy Solutions (GES)	Hsin-Chu	24.11	23.46

Name of Subsidiary	(Loss) Gain Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests December 31	
	2015	2014	2015	2014
GES	\$ (66,864)	\$ 28,325	\$ 564,133	\$ 449,808
Others	<u>(15,897)</u>	<u>(2,498)</u>	<u>35,423</u>	<u>17,530</u>
Total	<u>\$ (82,761)</u>	<u>\$ 25,827</u>	<u>\$ 599,556</u>	<u>\$ 467,338</u>

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

	December 31	
	2015	2014
<u>GES and GES's subsidiaries</u>		
Current assets	\$ 3,712,563	\$ 2,946,652
Non-current assets	3,082,348	1,610,884
Current liabilities	3,060,872	1,281,052
Non-current liabilities	<u>1,344,558</u>	<u>1,300,223</u>
Equity	<u>\$ 2,389,481</u>	<u>\$ 1,976,261</u>
Equity attributable to:		
Owners of GES	\$ 1,825,348	\$ 1,526,453
Non-controlling interests of GES	<u>564,133</u>	<u>449,808</u>
	<u>\$ 2,389,481</u>	<u>\$ 1,976,261</u>

	For the Year Ended December 31	
	2015	2014
Revenue	\$ 1,046,182	\$ 1,505,461
(Loss) profit for the year	\$ (277,529)	\$ 89,076
Other comprehensive income for the year	<u>68,989</u>	<u>33,732</u>
Total comprehensive (loss) income for the year	\$ <u>(208,540)</u>	\$ <u>122,808</u>
(Loss) profit attributable to:		
Owners of GES	\$ (210,665)	\$ 60,751
Non-controlling interests of GES	<u>(66,864)</u>	<u>28,325</u>
	\$ <u>(277,529)</u>	\$ <u>89,076</u>
Total comprehensive (loss) income attributable to:		
Owners of GES	\$ (158,310)	\$ 86,569
Non-controlling interests of GES	<u>(50,230)</u>	<u>36,239</u>
	\$ <u>(208,540)</u>	\$ <u>122,808</u>
Net cash (outflow) inflow from:		
Operating activities	\$ (727,839)	\$ (392,758)
Investment activities	(1,446,392)	(667,941)
Finance activities	2,115,899	1,587,165
Effect of exchange rate changes	<u>11,133</u>	<u>33,732</u>
Net cash (outflow) inflow	\$ <u>(47,199)</u>	\$ <u>560,198</u>
Dividends paid to non-controlling interests of GES	\$ <u>9,221</u>	\$ <u>-</u>

16. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2015	2014
<u>Investment in associate</u>		
Overseas unlisted companies		
MEGATHREE (Note 33)	\$ 38,675	\$ 36,284
GES KYUSHU (Note 33)	20,477	25,252
Hashimoto (Note 33)	6,672	9,824
NCH Solar 1 Limited ("NCH Solar 1") (Notes 32 and 33)	<u>-</u>	<u>(15,324)</u>
	65,824	56,036
Credit balance of investment accounted for using the equity method	<u>-</u>	<u>15,324</u>
	\$ <u>65,824</u>	\$ <u>71,360</u>

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

Name of Associate	December 31	
	2015	2014
MEGATHREE	40%	40%
GES KYUSHU	45%	45%
Hashimoto	45%	45%
NCH Solar 1	-	40%

GES UK's 40% equity investment in NCH Solar 1 in October 2014 and the subscription for the remaining 60% equity in May 2015 turned NCH Solar 1 into 100% owned subsidiary instead of investment accounted for using the equity method.

The information of main business, principal operating place and registry country of the above associates was shown in Table 7.

Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2015	2014
The Corporation's share of:		
Net loss for the year	\$ (8,064)	\$ (42,694)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>\$ (8,064)</u>	<u>\$ (42,694)</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2015 and 2014 was based on the associates' financial statements audited by the auditors for the same years.

The investments in the associates had not been pledged as collateral for bank loans.

17. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2015	2014
<u>Carrying amounts</u>		
Land	\$ 533,870	\$ 440,596
Buildings	3,345,503	3,576,823
Machinery and equipment	7,626,300	8,847,280
Research and development equipment	28,212	39,840
Office equipment	21,885	37,682
Rental assets	120,113	135,717
Leasehold improvements	242,617	276,053
Miscellaneous equipment	129,781	166,516
Advance payments and construction in progress	<u>876,073</u>	<u>672,983</u>
	<u>\$ 12,924,354</u>	<u>\$ 14,193,490</u>

Year Ended December 31, 2014						
	Balance, Beginning of Year	Additions	Deduction	Reclassification	Translation Adjustments	Balance, End of Year
<u>Cost</u>						
Land	\$ 440,596	\$ -	\$ -	\$ -	\$ -	\$ 440,596
Buildings	4,326,966	14	-	(2,800)	-	4,324,180
Machinery and equipment	15,137,312	728,290	(1,918)	360,167	125,377	16,349,228
Research and development equipment	17,960	6,679	-	31,834	-	56,473
Office equipment	73,107	2,003	-	243	804	76,157
Rental assets	164,802	-	-	-	11,860	176,662
Leasehold improvements	308,184	7,528	-	6,101	19,986	341,799
Miscellaneous equipment	349,765	18,469	-	2,534	2,731	373,499
Advance payments and construction in progress	<u>1,387,243</u>	<u>1,340,544</u>	<u>(1,188,124)</u>	<u>(881,134)</u>	<u>14,454</u>	<u>672,983</u>
	<u>22,205,935</u>	<u>\$ 2,103,527</u>	<u>\$ (1,190,042)</u>	<u>\$ (483,055)</u>	<u>\$ 175,212</u>	<u>22,811,577</u>
<u>Accumulated depreciation</u>						
Buildings	514,450	\$ 232,907	\$ -	\$ -	\$ -	747,357
Machinery and equipment	5,749,560	1,631,661	-	(74,160)	68,354	7,375,415
Research and development equipment	7,683	8,950	-	-	-	16,633
Office equipment	18,101	19,649	-	-	725	38,475
Rental assets	17,308	19,588	-	-	4,049	40,945
Leasehold improvements	21,468	33,219	-	-	11,059	65,746
Miscellaneous equipment	<u>140,243</u>	<u>64,964</u>	<u>-</u>	<u>-</u>	<u>1,776</u>	<u>206,983</u>
	<u>6,468,813</u>	<u>\$ 2,010,938</u>	<u>\$ -</u>	<u>\$ (74,160)</u>	<u>\$ 85,963</u>	<u>8,491,554</u>
<u>Accumulated impairment</u>						
Machinery and equipment	97,514	\$ 56,418	\$ -	\$ (27,258)	(\$ 141)	126,533
Advance payments and construction in progress	<u>32,699</u>	<u>12,920</u>	<u>(32,699)</u>	<u>(12,920)</u>	<u>-</u>	<u>-</u>
	<u>130,213</u>	<u>\$ 69,338</u>	<u>\$ (32,699)</u>	<u>\$ (40,178)</u>	<u>(\$ 141)</u>	<u>126,533</u>
	<u>\$ 15,606,909</u>					<u>\$ 14,193,490</u>

	Year Ended December 31, 2015						
	Balance, Beginning of Year	Acquired from Business Combination	Additions	Deduction	Reclassification	Translation Adjustments	Balance, End of Year
<u>Cost</u>							
Land	\$ 440,596	\$ -	\$ 89,578	\$ -	\$ -	\$ 3,696	\$ 533,870
Buildings	4,324,180	-	1,061	-	420	-	4,325,661
Machinery and equipment	16,349,228	-	397,670	(12,552)	36,179	(15,029)	16,755,496
Research and development equipment	56,473	-	1,272	-	-	-	57,745
Office equipment	76,157	-	1,307	(190)	-	(59)	77,215
Rental assets	176,662	-	-	-	-	9,019	185,681
Leasehold improvements	341,799	-	1,060	-	1,704	(2,473)	342,090
Miscellaneous equipment	373,499	-	16,916	(5,242)	616	(312)	385,477
Advance payments and construction in progress	672,983	231,813	1,236,114	(842,123)	(432,504)	9,790	876,073
	<u>22,811,577</u>	<u>\$ 231,813</u>	<u>\$ 1,744,978</u>	<u>\$ (860,107)</u>	<u>\$ (393,585)</u>	<u>\$ 4,632</u>	<u>23,539,308</u>
<u>Accumulated depreciation</u>							
Buildings	747,357	\$ -	\$ 232,801	\$ -	\$ -	\$ -	980,158
Machinery and equipment	7,375,415	-	1,694,375	(1,991)	(72,972)	(5,770)	8,989,057
Research and development equipment	16,633	-	12,900	-	-	-	29,533
Office equipment	38,475	-	17,021	(91)	-	(75)	55,330
Rental assets	40,945	-	20,477	-	-	4,146	65,568
Leasehold improvements	65,746	-	34,780	-	-	(1,053)	99,473
Miscellaneous equipment	206,983	-	52,072	(1,785)	(1,431)	(143)	255,696
	<u>8,491,554</u>	<u>\$ -</u>	<u>\$ 2,064,426</u>	<u>\$ (3,867)</u>	<u>\$ (74,403)</u>	<u>\$ (2,895)</u>	<u>10,474,815</u>
<u>Accumulated impairment</u>							
Machinery and equipment	126,533	\$ -	\$ 13,544	\$ -	\$ -	\$ 62	140,139
	<u>\$ 14,193,490</u>						<u>\$ 12,924,354</u>

In the second quarter of 2015, NSP intended to dispose of a parcel of machinery and equipment and miscellaneous equipment. On August 11, 2015, the NSP's board of directors approved the transfer of such machinery and equipment and miscellaneous equipment in the amount of \$330,575 thousand to noncurrent assets classified as held for sale. On November 10, 2015, NSP's board of directors approved the disposal of the above assets to TS Solartech Sdn Bhd. by installment payment. The related proceeds were US\$12,079 thousand.

On June 11, 2014, NSP's board approved the disposal of construction in progress located in Hsin-chu Science Park. The related proceeds were \$410,000 thousand. NSP transferred construction in progress \$336,067 thousand to noncurrent assets classified as held for sale and recognized gain on reversal of impairment loss \$32,699 thousand under other gains and expenses.

In the third quarter of 2014, the Corporation intends to proceed with the exchange of assets with a parcel of machinery and equipment and advance payments. The related proceeds are expected to be \$33,892 thousand. The Corporation transferred machinery and equipment and advance payments \$33,892 thousand to noncurrent assets classified as held for sale and recognized impairment losses of \$40,319 thousand under other gains and expenses.

As of December 31, 2014, NSP resolved to acquire production line of solar module from subsidiary to effectively integrate the Corporation's overall resources. The related proceeds were \$40,000 thousand. The Corporation recognized \$29,019 thousand under other gains and expenses. The production line is reported under other segment according to the accounting policies on reportable segments and the transaction was completed on February 1, 2015.

The Corporation assessed that there were indications of impairment on machinery and equipment because the recoverable amount of machinery and equipment was estimated to be less than its carrying amount, thus, the Corporation recognized impairment loss on machinery and equipment of \$13,544 thousand as of December 31, 2015.

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

Buildings	15-21 years
Machinery and equipment	4-11 years
Research and development equipment	4-6 years
Office equipment	3-4 years
Rental assets	10 years
Leasehold improvements	4-11 years
Miscellaneous equipment	3-16 years

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

Refer to Note 39 for the carrying amount of property, plant and equipment pledged by the Corporation to secure borrowings.

For the year ended December 31, 2015, the deduction included \$842,123 thousand transferred to finance lease receivables and \$14,117 thousand for the disposal of property, plant and equipment; and for the year ended December 31, 2014, the deduction included \$724,723 thousand transferred to finance lease receivables and \$465,319 thousand for the disposal of subsidiaries.

For the year ended December 31, 2015, there were reclassifications from prepayments for equipment of \$11,239 thousand to advance payments and construction in progress; from advance payments and construction in progress of \$29 thousand to other expenses; from machinery and equipment and miscellaneous equipment of \$330,575 thousand to noncurrent assets classified as held for sale; and from noncurrent assets classified as held for sale of \$183 thousand to machinery and equipment.

For the year ended December 31, 2014, there were reclassifications from prepayments for equipment of \$24,633 thousand to advance payments and construction in progress; from advance payments and construction in progress of \$624 thousand to other noncurrent assets; from advance payments and construction in progress of \$22,470 thousand to other expenses; and from machinery and equipment of \$23,859 thousand, advance payments and construction in progress of \$10,330 thousand and construction in progress of \$336,067 thousand to noncurrent assets classified as held for sale.

18. OTHER INTANGIBLE ASSETS

	December 31	
	2015	2014
<u>Carrying amounts of each class</u>		
Goodwill (Note 32)	\$ 513,332	\$ 513,332
Contracts with customers (Note 32)	89,634	-
Brands (Note 32)	17,010	20,862
Patents	<u>495</u>	<u>77</u>
	<u>\$ 620,471</u>	<u>\$ 534,271</u>
	Year Ended December 31	
	2015	2014
<u>Brands</u>		
Cost		
Balance at January 1	\$ 133,709	\$ 109,102
Acquired from business combination	-	23,108
Translation adjustments	<u>-</u>	<u>1,499</u>
Balance at December 31	<u>133,709</u>	<u>133,709</u>
Accumulated amortization		
Balance at January 1	(112,847)	(63,803)
Amortization	(3,852)	(47,688)
Translation adjustments	<u>-</u>	<u>(1,356)</u>
Balance at December 31	<u>(116,699)</u>	<u>(112,847)</u>
	<u>\$ 17,010</u>	<u>\$ 20,862</u>

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

The above items of other intangible assets were depreciated on a straight-line basis over one to six year.

The Corporation's goodwill was tested for impairment at the end of the annual reporting period and the recoverable amount was based on value in use. The value in use was calculated on the basis of the cash flow forecast from the financial budgets covering the future five-year period, and the Corporation used the annual discount rate of 6.39% and 6.47% in its test of impairment as of December 31, 2015 and 2014, respectively, to reflect the specific risk in the relevant cash-generating unit.

For 2015 and 2014, the Corporation did not recognize any impairment loss on goodwill.

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

19. PREPAYMENTS FOR LEASE

	December 31	
	2015	2014
Current asset	\$ 582	\$ 1,051
Noncurrent asset	<u>23,587</u>	<u>24,736</u>
	<u>\$ 24,169</u>	<u>\$ 25,787</u>

Prepayments for lease, which mainly included land use rights paid for power facility construction in the U.S., were amortized on a straight-line basis over 30 years. As of December 31, 2015 and 2014, such land use rights amounted to \$23,587 thousand and \$23,150 thousand, respectively. The Corporation had obtained the certificates of land use rights.

20. PREPAYMENTS AND OTHER ASSETS

	December 31	
	2015	2014
<u>Prepayments</u>		
Payments in advance	\$ 1,745,672	\$ 1,751,260
Prepayments for equipment	157,427	45,005
Prepayments for investments	70,022	-
Others	<u>179,036</u>	<u>98,727</u>
	<u>\$ 2,152,157</u>	<u>\$ 1,894,992</u>
<u>Other assets</u>		
Restricted assets	\$ 1,272,709	\$ 633,727
Pledged time deposits	213,006	204,923
Prepaid sales tax	164,758	1,260,880
Temporary prepayments	80,717	40,186
Pledged bank acceptances	50,744	-
Others	<u>81,531</u>	<u>56,590</u>
	<u>\$ 1,863,465</u>	<u>\$ 2,196,306</u>
<u>Prepayments</u>		
Current	\$ 635,751	\$ 719,244
Noncurrent	<u>1,516,406</u>	<u>1,175,748</u>
	<u>\$ 2,152,157</u>	<u>\$ 1,894,992</u>
<u>Other assets</u>		
Current	\$ 303,406	\$ 1,461,213
Noncurrent	<u>1,560,059</u>	<u>735,093</u>
	<u>\$ 1,863,465</u>	<u>\$ 2,196,306</u>

The Corporation recognized impairment loss on prepayments after assessment; please refer to Note 5 and Note 40.

21. LOANS

a. Short-term bank loans

	December 31	
	2015	2014
Working capital loans - interest at 0.7200%-6.5600% in 2015; 0.7000%-6.5600% in 2014	<u>\$ 6,448,680</u>	<u>\$ 3,039,296</u>

b. Short-term bills payable

	December 31, 2015
Commercial paper	\$ 50,000
Less: Unamortized discount on bills payable	<u>(88)</u>
	<u>\$ 49,912</u>

Outstanding short-term bills payable as follows:

December 31, 2015

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
<u>Commercial paper</u>				
International Bills Finance Corporation	\$ 50,000	\$ 88	\$ 49,912	1.91%

1) The payables on the commercial paper have not been discounted because the effect was not material.

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

c. Long-term bank loans

	December 31	
	2015	2014
Syndicated loans: lead bank - China Trust Bank		
Repayable in August 2016, with annual floating interest rate at 2.5721%-2.6903% in 2015 and 2.6589%-2.6811% in 2014	\$ 1,000,000	\$ 1,000,000
Repayable semiannually from February 2012 to August 2016, repayment of 50% before February 2013, repayment of 10% between fourth to sixth repayment, and repayment of 40% for rest periods before August 2016, with annual floating interest rate at 2.5118%-2.6361% in 2015 and 2.4821%-2.5221% in 2014	412,000	924,000 (Continued)

	December 31	
	2015	2014
Syndicated loans: lead bank - Taiwan Cooperative Bank		
Repayable semiannually from the date of first repayment, one year after the date of the initial drawdown, November 5, 2015 to November 5, 2018; if a two-year extension is agreed, the principal of the last period will be equally amortized within two years and repayable every 4.8 months, with annual floating interest rate at 2.6418%	\$ 910,000	\$ -
Repayable semiannually from November 2012 to November 2015, with annual floating interest rates at 1.5414%-1.5453% in 2015 and 1.5337%-1.5453% in 2014	-	703,453
Repayable semiannually from November 2012 to November 2015, repayment of 10% each period before 2015 and 40% on the last payment, with annual floating interest rates at 1.3913%-1.6088% in 2015 and 1.5789%-1.6088% in 2014	-	556,052
Secured loan from Cathay Bank		
Repayable monthly from August 2015 to July 2027, with annual floating interest rates at 3.5845%-4% in 2015	519,168	-
Repayable monthly from December 2015 to January 2023 with monthly interest repayments and annual floating interest rate at 5% in 2015	33,066	-
Unsecured loan from King's Town Bank		
Repayable on the 30 th of every even month from the date of the initial drawdown, October 16, 2015, with principal repayments of \$5,000 thousand and annual floating interest rate at 1.76%-1.83%	195,000	-
Secured loan from King's Town Bank		
Repayable every two month from December 2015 to November 2028, with annual floating interest rate at 3.26% in 2015	81,300	-
Secured loans from EnTie Bank		
Repayable monthly from May 2013 to April 2020, with annual floating interest rate at 3.7400%-3.772% in 2015 and 3.761%-3.772% in 2014	17,643	20,817
Secured loan from Cathay United Bank		
Repayable quarterly from November 2013 to October 2026; repayment of at least US\$6,500 on the first installment, with annual floating interest at 3.5356%-3.5609% in 2015 and 3.5336%-3.5376% in 2014	-	545,113
Secured loans from First Bank		
Repayable quarterly from September 2011 to June 2015, with annual floating interest rate at 2.08%	-	25,239
Other borrowings		
Repayable monthly from January 2014 to December 2015	-	26,780
Repayable monthly from July 2013 to June 2015	-	11,225
	3,168,177	3,812,679
Current portion	(1,579,826)	(1,868,726)
	<u>\$ 1,588,351</u>	<u>\$ 1,943,953</u>
		(Concluded)

Other borrowings were loans from a finance company with annual effective interest rates at 6.32% to 6.97% and were paid off in advance in August 2015.

NSP had acquired syndicated loans, with China Trust Bank as lead bank, because of a business combination. NSP renegotiated the loans with the banking syndicate, resulting in new loan agreements. These agreements require the maintenance of certain financial ratios based on NSP's consolidated annual and semiannual financial reports. The related restrictions are as follows:

China Trust Bank-led syndicated loan:

- 1) Current ratio ($\text{Current assets} \div \text{Current liabilities}$): At least 100%;
- 2) Debt to equity ratio ($\text{Total liabilities} \div \text{Total shareholders' equity}$): No more than 100%;
- 3) Interest coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) \div \text{Interest expense}]$: At least 3.
- 4) Tangible net worth: At least \$4,000,000 thousand.

NSP did not meet the required interest coverage ratio as of December 31, 2015; thus, NSP accrued the related compensation expenses, as required under the loan agreement.

The loan agreements on the Taiwan Cooperative Bank syndicated loan require the maintenance of certain financial ratios based on NSP's annual and semiannual financial reports. The related restrictions are as follows:

Taiwan Cooperative Bank syndicated loan:

- 1) Current ratio ($\text{Current assets} \div \text{Current liabilities}$): At least 100%;
- 2) Debt to equity ratio ($\text{Total financial liabilities} \div \text{Total shareholders' equity}$): No more than 125%;
- 3) Interest coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) \div \text{Interest expense}]$: At least 3.
- 4) Tangible net worth: At least \$10,000,000 thousand.

NSP did not meet the required interest coverage ratio as of December 31, 2015; thus, NSP accrued the related compensation expenses, as required under the loan agreements.

The loan agreement between ET ENERGY and Cathay United Bank had been assigned to Cathay Bank since July 31, 2015, with an agreement on the loan extension subject to the original ratio requirements.

The loan agreement requires the maintenance of certain financial ratios based on ET ENERGY's quarterly financial reports. The related restriction is as follows:

Secured loan from Cathay Bank:

- 1) Debt service coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) \div \text{principal paid in current year}]$: No less than 125%.

ET ENERGY was not able to meet the required debt service coverage ratio as of December 31, 2015; nevertheless, according to the agreements, not meeting the requirement was not considered a breach.

The loan agreement requires the maintenance of certain financial ratios based on General Energy Solutions's consolidated annual and semiannual financial reports. The related restrictions are as follows:

Secured loan from EnTie Bank:

- 1) Debt to equity ratio (Total liabilities and contingent liabilities ÷ Total shareholders' equity): No more than 300%;
- 2) Debt service coverage ratio [(Income before tax + Depreciation + Amortization + Interest expense) ÷ principal and interest paid in current year]: At least 1.

As of December 31, 2015, General Energy Solutions was in compliance with the above ratio requirements, except for the debt service coverage ratio. Nevertheless, breaking the requirement was not considered a breach.

The loan agreement requires the maintenance of certain financial ratios during conversion period of overseas convertible bonds based on NSP's annual and semiannual financial reports. The related restrictions are as follows:

ING Bank:

- 1) Current ratio (Current assets ÷ Current liabilities): At least 100%;
- 2) Debt to equity ratio (Total liabilities ÷ Total shareholders' equity): No more than 125%, total liabilities including contingent liabilities;
- 3) Interest coverage ratio [(Income before tax + Depreciation + Amortization + Interest expense) ÷ Interest expense]: At least 3.
- 4) Tangible net worth: At least \$10,000,000 thousand.

NSP did not meet the required interest coverage ratio as of December 31, 2015; thus, NSP transferred \$717,360 thousand into the escrow account, as required under the loan agreement.

The assets pledged as collaterals are shown in Note 39.

The contracts stated that falling short of the financial ratio is not considered breach of the contract.

d. Preference share liabilities

	December 31	
	2015	2014
First Preference Shares, Series A	<u>\$ 470,000</u>	<u>\$ 470,000</u>

Nonconvertible Nonparticipating Redeemable Fixed Rate Cumulative First Preference Shares, Series A ("First Preference Shares, Series A"):

In their meeting on June 27, 2014, General Energy Solutions' shareholders proposed to offer First Preference Shares, Series A ("FP Shares"); on October 24, 2014, General Energy Solutions' board of directors approved the issuance of these shares at a premium price of NT\$50 per share, with an aggregate amount of \$470,000 thousand.

The FP Shares are entitled to receive fixed cumulative preferential cash dividends at a rate of 5%, equal to NT\$50 per share per annum. If profit is not sufficient to make distributions on these shares, the shortfall will be carried forward to the next year.

The FP Shares are entitled to preferential cash dividends only, and the shareholders do not have rights to participate or claim for a part in the surplus profits of General Energy Solutions.

The FP shareholders have a claim on liquidation proceeds of a share corporation equal to its par value. This claim has priority over that of common shareholders, who have only a residual claim.

The FP Shares do not have voting rights.

The FP shareholders and the common shareholders have the same pre-emption right when General Energy Solutions increase its capital by offering new common shares.

Within three years after the FP Share issuance date, General Energy Solutions has the option to redeem for cash all of the outstanding FP Shares. If this redemption does not take place, the rights and obligations of outstanding FP shares will be extended till redeemed.

GES incurred a deficit for the year ended December 31, 2015; thus, there was no distribution on FP Shares. In order to protect the shareholders' rights, GES purchased certificate of deposits (CDs) in the amount of \$23,500 thousand from Cathay United Bank on February 16, 2016 which will be used as dividend payment for 2015.

22. BONDS PAYABLE

	December 31	
	2015	2014
Secured overseas convertible bonds (a)	\$ 3,461,799	\$ 3,383,393
Secured domestic convertible bonds (b)	<u>216,477</u>	<u>213,417</u>
	3,678,276	3,596,810
Less: Current portion	<u>(216,477)</u>	<u>-</u>
	<u>\$ 3,461,799</u>	<u>\$ 3,596,810</u>

a. Secured overseas convertible bonds

On July 18, 2014, NSP issued US\$120,000 thousand, 0% 3-year secured overseas convertible bonds, listed on the Singapore Exchange Securities Trading Limited. Each bond entitles the holder to convert into ordinary shares of NSP at a conversion price of \$39.05. Conversion may occur at any time between August 27, 2014 and July 18, 2017 and will be adjusted according to the contracts afterwards. The conversion price was initially set at \$39.05 per share upon issuance, and was adjusted to \$38.29 per share pursuant to the provisions of the trust deed of the bonds. If the bonds are not converted, they will be redeemed on July 18, 2017 in US dollars, at a fixed exchange rate US\$1 equal \$29.89 each, at a time.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of Capital Surplus - Conversion Option of Bonds. The effective interest rate of the liability component was 2.2931% per annum on initial recognition.

Proceeds from issue (less transaction costs \$90,697 thousand)	\$ 3,496,103
Equity component (less transaction costs allocated to the equity component of \$3,827 thousand)	<u>(147,536)</u>
Liability component at the date of issue	3,348,567
Interest charged at an effective interest rate	<u>34,826</u>
Liability component at December 31, 2014	3,383,393
Interest charged at effective interest rate	<u>78,406</u>
Liability component at December 31, 2015	<u>\$ 3,461,799</u>

b. Secured domestic convertible bonds

On October 1, 2013, NSP issued its first and second 3-year domestic secured convertible bonds, with the total par value of \$500,000 thousand, aggregate principal of \$1,000,000 thousand and par rate of 0%. The bonds are convertible from November 2, 2013 to September 21, 2016 at applicable conversion price. The conversion price was initially set at \$29.35 per share upon issuance, and was adjusted to \$28.16 per share pursuant to the provisions of the trust deed of the bonds. The bonds will be redeemed at 100% of their principal amount on October 1, 2016.

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - conversion option of bonds. The effective interest rates for the liability components were 1.3964% and 1.5075% per annum on initial recognition in 2013.

As of December 31, 2015, the outstanding convertible bonds on the first and second issue amounted to \$162,293 thousand and \$54,184 thousand, respectively.

Proceeds from issue (less transaction costs of \$4,170 thousand)	\$ 998,830
Equity component (less transaction costs allocated to the equity component amount of \$173 thousand)	<u>(41,427)</u>
Liability component at the date of issue	957,403
Interest charged at an effective interest rate	3,179
Convertible bonds converted into common shares	<u>(411,578)</u>
Liability component at December 31, 2013	549,004
Interest charged at an effective interest rate	3,892
Convertible bonds converted into common shares	<u>(339,479)</u>
Liability component at December 31, 2014	231,417
Interest charged at an effective interest rate	<u>3,060</u>
Liability component at December 31, 2015	<u>\$ 216,477</u>

23. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Accrued expenses</u>		
Loss on contracts	\$ 318,157	\$ 318,157
Bonus	216,153	262,316
Salaries	194,629	187,719
Service charge	77,176	87,609
Others	<u>635,454</u>	<u>571,559</u>
	<u>\$ 1,441,569</u>	<u>\$ 1,427,360</u>
<u>Other current liabilities</u>		
Deferred revenue	\$ 265,757	\$ 285,704
Advance receipts from customers	24,901	2,673
Receipts under custody	11,052	9,332
Others	<u>454</u>	<u>205</u>
	<u>\$ 302,164</u>	<u>\$ 297,914</u>

(Continued)

	December 31	
	2015	2014
Current	\$ 56,622	\$ 32,598
Noncurrent	<u>245,542</u>	<u>265,316</u>
	<u>\$ 302,164</u>	<u>\$ 297,914</u>
		(Concluded)

24. PROVISIONS

	December 31	
	2015	2014
<u>Noncurrent</u>		
Warranties	<u>\$ 291,688</u>	<u>\$ 225,308</u>
	Years Ended December 31	
	2015	2014
Balance at January 1	\$ 225,308	\$ 159,098
Additions	70,014	67,196
Use	(3,617)	(986)
Effect of exchange rate changes	<u>(17)</u>	<u>-</u>
Balance at December 31	<u>\$ 291,688</u>	<u>\$ 225,308</u>

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

25. RETIREMENT BENEFIT PLANS

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

The employees of the Corporation's subsidiary in People's Republic of China are members of a state-managed retirement benefit plan operated by the government of People's Republic of China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Corporation on the retirement benefit plan is to make the specified contributions.

26. EQUITY

a. Common shares

1) Common shares

	December 31	
	2015	2014
Number of shares authorized (in thousands)	<u>1,200,000</u>	<u>1,200,000</u>
Amount of shares authorized	<u>\$ 12,000,000</u>	<u>\$ 12,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>858,161</u>	<u>856,277</u>
Shares issued	\$ 8,581,617	\$ 8,562,770
Share premiums	<u>11,404,787</u>	<u>11,404,787</u>
	<u>\$ 19,986,404</u>	<u>\$ 19,967,557</u>

Fully paid common shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

Of NSP's authorized shares, 80,000 thousand shares had been reserved for the issuance of employee share options.

On March 18, 2014, NSP's board approved an increase in its capital (a) by \$2,015,000 thousand by a public offering of 65,000 thousand new common shares at a par value of \$10 (b) by the issue of the second secured overseas convertible bonds with an aggregate par value of up to US\$150,000 thousand; and (c) by an issuance of up to 180,000 thousand shares of capital shares or global depositary shares. The issuance of the second secured overseas convertible bonds was approved by the Financial Supervisory Commission on April 21, 2014 and listed on the Singapore Exchange Securities Trading Limited on July 18, 2014 with an aggregate par value of US\$120,000 thousand; on July 24, 2014, the Corporation's board approved the cancellation of the aforementioned capital increase by public offering of 65,000 thousand new common shares.

On July 24, 2014, NSP's board approved an increase in its capital by a public offering of 65,000 thousand new common shares at a par value of \$10. The issuance was approved by the Financial Supervisory Commission on September 2, 2014, and the grant date is on November 28, 2014.

On March 17, 2015, NSP's board approved an increase in its capital by an issuance of up to 180,000 thousand shares of capital shares or global depositary shares.

On December 9, 2015, NSP's board approved an increase in its capital by a public offering of 160,000 thousand new common shares at a par value of \$10. The issuance was approved by the Financial Supervisory Commission on January 18, 2016, and the offering date is on March 9, 2016.

On March 15, 2016, NSP's board approved an increase in its capital by issuance of up to 180,000 thousand shares of capital shares or global depositary shares subject to the resolution of the shareholders in their meeting to be held on June 16, 2016.

2) Global depositary receipts

On July 14, 2011, NSP offered 100,000 thousand shares of capital share for a 20,000 thousand global depositary share (GDS) offering. Each GDS represented five common shares. The GDS issue price was US\$6.62 per share, and a total of US\$132,400 thousand was raised. The GDS was listed on the Luxembourg Stock Exchange on July 20, 2011 and complete the conversion in March 2014.

b. Capital surplus

	December 31	
	2015	2014
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	\$ 11,404,787	\$ 11,404,787
Premiums from the conversion of convertible bonds	507,846	507,846
May only be used to offset a deficit (2)		
Arising from changes in percentage of ownership interest in subsidiaries	13,731	13,416
May not be used for any purpose		
Arising from conversion of bonds	156,427	156,427
Arising from employee share options	3,022	3,022
Arising from employee restricted shares	<u>125,661</u>	<u>111,993</u>
	<u>\$ 12,211,474</u>	<u>\$ 12,197,491</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

Under NSP's Articles of Incorporation, upon closing of accounts, if there is profit, NSP should first pay the corporate income tax in accordance with the law, offset a deficit in previous years and then set aside a legal reserve of 10% of the profits left over, and retain special reserve(s) pursuant to applicable laws. Then, NSP will appropriate the remaining earnings as employees' bonus (no less than 3%) and remuneration to directors (no more than 2%). On any remaining balance plus unappropriated earnings of prior years, the board of directors will propose an appropriation of shareholders' bonus to be presented in the shareholders' meeting for approval. NSP may issue profit sharing to employees of an affiliated company who meet the conditions set by the Board. The board chairman is authorized to decide the actual amount to be appropriated as employees' bonus. Bonus to shareholders should be paid in cash or shares. Cash bonus shall be more than 10% of the total bonus to shareholders.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to NSP's Articles of Incorporation had been proposed by NSP's board of directors on March 15, 2016 and are subject to the resolution of the shareholders in their meeting to be held on June 16, 2016. For information about the accrual basis of the employees' compensation and remuneration to directors and the actual appropriations, please refer to e. Employee benefits expense in Note 28e.

NSP appropriates or reverses to a special reserve in accordance with Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive entitled "Questions and Answers on Special Reserves Appropriated Following the Adoption of IFRSs."

Legal reserve should be appropriated from earnings until the legal reserve equals NSP's paid-in capital. Legal reserve may be used to offset deficit. If NSP has no deficit and the legal reserve has exceeded 25% of NSP's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by NSP.

The appropriations of earnings for 2014 and 2013 have been approved in the shareholders' meetings on June 17, 2015 and June 11, 2014, respectively. The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2014	2013	2014	2013
Legal reserve	\$ 21,856	\$ 47,566		
Special reserve (reversal)	(18,928)	18,928		
Cash dividends	<u>171,271</u>	<u>236,003</u>	\$ 0.2	\$ 0.3
	<u>\$ 174,199</u>	<u>\$ 302,497</u>		

The offset of accumulated deficit for 2015 had been proposed by NSP's board of directors on March 15, 2016. The information was as follows:

	Offset of Accumulated Deficit
Unappropriated earnings	\$ 217,545
Net loss for the year	(1,455,641)
Legal reserve	69,422
Capital surplus - share premium	<u>1,168,674</u>
	<u>\$ -</u>

The offset of accumulated deficit in 2015 is subject to the resolution in the shareholders' meeting expected to be held on June 16, 2016.

e. Unrealized loss on available-for-sale financial instruments

	Years Ended December 31	
	2015	2014
Balance at January 1	\$ (101,421)	\$ (60,964)
Unrealized loss on revaluation of available-for-sale financial assets	(48,184)	(49,042)
Reclassification of impairment on available-for-sale financial assets	77,576	-
Cumulative gain on sale of available-for-sale financial assets reclassified to profit or loss	<u>955</u>	<u>8,585</u>
Balance at December 31	<u>\$ (71,074)</u>	<u>\$ (101,421)</u>

The unrealized gain (loss) on available-for-sale financial assets represents the cumulative gains and losses on the fair value changes of available-for-sale financial assets, which have been recognized in other comprehensive income.

27. REVENUE

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

	Years Ended December 31	
	2015	2014
Revenue from the sale of goods	\$ 19,874,143	\$ 26,014,128
Processing fee revenue	1,140,843	558,531
Revenue from the sale of power facility construction	889,650	800,489
Revenue from other activities	<u>309,860</u>	<u>207,101</u>
	<u>\$ 22,214,496</u>	<u>\$ 27,580,249</u>

28. COMPREHENSIVE INCOME (LOSS)

a. Other income and expenses

	Years Ended December 31	
	2015	2014
Impairment loss on noncurrent assets held for sale	\$ (7,749)	\$ -
Impairment loss on property, plant and equipment	(13,544)	(69,338)
Gains on reversal of impairment loss on property, plant and equipment	-	32,699
Gain on disposal of noncurrent assets held for sale	801	73,933
Gain on disposal of property, plant and equipment	<u>15</u>	<u>-</u>
	<u>\$ (20,477)</u>	<u>\$ 37,294</u>

b. Interest income and other income

	Years Ended December 31	
	2015	2014
Interest income		
Bank deposits	\$ 23,932	\$ 21,030
Security deposits	20	22
Others	<u>1,638</u>	<u>-</u>
	<u>\$ 25,595</u>	<u>\$ 21,052</u>
Other income		
Government grants	\$ 8,967	\$ 18,156
Compensation income	6,263	132,144
Others	<u>2,816</u>	<u>3,843</u>
	<u>\$ 18,046</u>	<u>\$ 154,143</u>

c. Finance costs

	Years Ended December 31	
	2015	2014
Interest on bank loans	\$ 157,157	\$ 199,441
Interest on convertible bonds	81,466	38,718
Preferred dividends	23,500	4,442
Other interest expense	<u>319</u>	<u>2,637</u>
	<u>\$ 262,442</u>	<u>\$ 245,238</u>

d. Depreciation and amortization

	Years Ended December 31	
	2015	2014
Property, plant and equipment	\$ 2,064,426	\$ 2,010,938
Intangible assets	<u>3,953</u>	<u>47,688</u>
	<u>\$ 2,068,379</u>	<u>\$ 2,058,626</u>
An analysis of depreciation by function		
Operating costs	\$ 1,964,554	\$ 1,889,943
Operating expenses	<u>99,872</u>	<u>120,995</u>
	<u>\$ 2,064,426</u>	<u>\$ 2,010,938</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 3,953</u>	<u>\$ 47,688</u>

e. Employee benefits expense

	Years Ended December 31	
	2015	2014
Post-employment benefits (Note 25)		
Defined contribution plans	\$ 97,453	\$ 94,557
Share-based payments		
Equity-settled share-based payments	49,787	80,423
Other employee benefits	<u>2,381,387</u>	<u>2,559,022</u>
Total employee benefits expense	<u>\$ 2,528,627</u>	<u>\$ 2,734,002</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,858,690	\$ 2,059,791
Operating expenses	<u>669,937</u>	<u>674,211</u>
	<u>\$ 2,528,627</u>	<u>\$ 2,734,002</u>

The existing (2014) Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors at the rates no less than 3% and no higher than 2%, respectively, of net income. For the year ended December 31, 2014, the bonus to employees and the remuneration to directors were \$32,343 thousand and \$4,312 thousand, respectively, representing 15% and 2%, respectively, of the base net income.

To be in compliance with the Company Act as amended in May 2015, the amended Articles of Incorporation of NSP, proposed by NSP's board of directors on March 15, 2016, stipulate to distribute employees' compensation and remuneration to directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. NSP incurred a deficit for the year ended December 31, 2015; thus, neither bonus to employees nor remuneration to directors was estimated.

Material differences between these estimates and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements had been authorized for issue are adjusted in the year the bonus and remuneration are recognized. If there is a change in the proposed amounts after the date the annual consolidated financial statements had been authorized for issue, the differences are accounted for as a change in accounting estimate in the following year.

The appropriations of bonus to employees and remuneration to directors and supervisors for 2014 and 2013 have been approved in the shareholders' meetings on June 17, 2015 and June 11, 2014, respectively and were as follows:

	For the Year Ended 2014		For the Year Ended 2013	
	Cash Dividends	Stock Dividends	Cash Dividends	Stock Dividends
Bonus to employees	\$ 32,343	\$ -	\$ 69,821	\$ -
Remuneration of directors	4,312	-	7,000	-

There was no difference between the amounts of the bonus to employees and the remuneration to directors approved in the shareholders' meetings on June 17, 2015 and June 11, 2014 and the amounts recognized in the consolidated financial statements for the years ended December 31, 2014 and 2013, respectively.

Information on the bonus to employees and directors, proposed by NSP's board of directors in 2016 and approved in the shareholders' meetings in 2015 and 2014, is available on the Market Observation Post System website of the Taiwan Stock Exchange.

f. Net gain (loss) on foreign currency exchange

	Years Ended December 31	
	2015	2014
Foreign exchange gains	\$ 770,930	\$ 659,698
Foreign exchange losses	<u>(731,099)</u>	<u>(508,042)</u>
Net profit	<u>\$ 39,831</u>	<u>\$ 151,656</u>

g. Components of other comprehensive income

	Years Ended December 31	
	2015	2014
Exchange difference on translating foreign operations:		
Arising during the year	<u>\$ 60,217</u>	<u>\$ 161,903</u>
Unrealized gain (loss) on available-for-sale financial assets:		
Arising during the year	\$ (48,184)	\$ (49,042)
Reclassification adjustments - upon impairment	77,576	-
Reclassification adjustments - upon disposal	<u>955</u>	<u>8,585</u>
	<u>\$ 30,347</u>	<u>\$ (40,457)</u>

29. INCOME TAXES

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	Years Ended December 31	
	2015	2014
Current tax		
Current year	\$ (327)	\$ (8,485)
Prior periods	<u>83</u>	<u>(394)</u>
	(244)	(8,879)
Deferred tax		
Current period	-	31,279
Reversal of temporary difference	<u>14,797</u>	<u>-</u>
Income tax benefit recognized in profit or loss	<u>\$ 14,553</u>	<u>\$ 22,400</u>

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

	Years Ended December 31	
	2015	2014
(Loss) profit before tax	<u>\$ (1,552,955)</u>	<u>\$ 221,989</u>
Income tax benefit (expense) at the 17% statutory rate	\$ 264,002	\$ (37,738)
Nondeductible expenses in determining taxable income	(98,532)	(8,600)
Tax-exempt income	-	2,149
Effect of different tax rate of group entities operating in other jurisdictions	(327)	2,870
Unrecognized loss carryforwards	(115,019)	64,112
Unrecognized deductible temporary differences	(50,451)	-
Reversal of temporary difference	14,797	-
Adjustments for prior years' tax benefit	<u>83</u>	<u>(393)</u>
Income tax benefit recognized in profit or loss	<u>\$ 14,553</u>	<u>\$ 22,400</u>

The applicable tax rate used above is the corporate tax rate of 17% payable by group entities operating in the ROC, while the applicable tax rate used by subsidiaries in China is 25%. Tax rates used by other group entities operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable	\$ 9,185	\$ 9,820
Prepaid income tax	<u>347</u>	<u>7,288</u>
	<u>\$ 9,532</u>	<u>\$ 17,108</u>
Current tax liabilities		
Income tax payable	<u>\$ 640</u>	<u>\$ 888</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2015

	Balance, Beginning of Year	Movements	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences			
Depreciation differences on property, plant and equipment	\$ 9,032	\$ (6,771)	\$ 2,261
Loss on inventories	3,621	(2,917)	704
Others	<u>26,163</u>	<u>(10,751)</u>	<u>15,412</u>
	<u>\$ 38,816</u>	<u>\$ (20,439)</u>	<u>\$ 18,377</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Unrealized foreign exchange gain	\$ 8,009	\$ (2,295)	\$ 5,714
Unrealized investment gain	10,248	(10,248)	-
Revaluation gain on property, plant and equipment	78,641	(20,252)	58,389
Others	<u>3,880</u>	<u>(3,880)</u>	<u>-</u>
	<u>\$ 100,778</u>	<u>\$ (36,675)</u>	<u>\$ 64,103</u>

For the year ended December 31, 2014

	Balance, Beginning of Year	Movements	Balance, End of Year
<u>Deferred tax assets</u>			
Temporary differences			
Depreciation differences on property, plant and equipment	\$ 27,322	\$ (18,290)	\$ 9,032
Loss on inventories	10,377	(6,756)	3,621
Others	<u>12,237</u>	<u>13,926</u>	<u>26,163</u>
	<u>\$ 49,936</u>	<u>\$ (11,120)</u>	<u>\$ 38,816</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Deferred revenue	\$ 14,193	\$ (14,193)	\$ -
Unrealized foreign exchange gain	1,517	6,492	8,009
Unrealized investment gain	31,882	(21,634)	10,248
Revaluation gain on property, plant and equipment	93,296	(14,655)	78,641
Others	<u>100</u>	<u>3,780</u>	<u>3,880</u>
	<u>\$ 140,988</u>	<u>\$ (40,210)</u>	<u>\$ 100,778</u>

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

	December 31	
	2015	2014
Loss carryforwards		
Expiry in 2016	\$ 1,138,306	\$ 1,590,704
Expiry in 2017	3,340,280	3,340,280
Expiry in 2018	152,401	152,401
Expiry in 2019	137,955	-
Expiry in 2020	255,401	-
Expiry in 2023	-	150,090
Expiry in 2024	26,650	26,650
Expiry in 2025	715,335	-
Expiry in 2035	<u>149,437</u>	<u>-</u>
	<u>\$ 5,915,765</u>	<u>\$ 5,260,125</u>
Investment credits		
Purchase of machinery and equipment	<u>\$ 5,985</u>	<u>\$ 6,516</u>
Deductible temporary differences	<u>\$ 2,255,180</u>	<u>\$ 1,535,103</u>

Under Article 38 of the Business Mergers And Acquisitions Act, loss of the Corporation and of DelSolar within five years before the merger was tax-deductible pro rata by the shareholders' holding in the survivor company of the merger and can be deducted from its current year's profit within five years.

- e. Information on tax - exemption

As of December 31, 2015, profits attributable to the following expansion projects were exempted from income tax for five years under the Statute for Upgrading Industries:

Statute for Upgrading Industries	Period
Expansion of the manufacturing plant acquired through business combination	January 1, 2014-December 31, 2018
Third expansion of the manufacturing plant	January 1, 2015-December 31, 2019
Fourth expansion of the manufacturing plant	January 1, 2016-December 31, 2020
Fifth expansion of the manufacturing plant	January 1, 2017-December 31, 2021

- f. Integrated income tax

	December 31	
	2015	2014
NSP's (accumulated deficit) unappropriated earnings		
(Accumulated deficit) unappropriated earnings generated on and after January 1, 1998	<u>\$ (1,238,096)</u>	<u>\$ 391,744</u>
NSP's imputation credit accounts	<u>\$ 141,609</u>	<u>\$ 187,013</u>

The was no distributable earnings for 2015 that led to zero creditable ratio for distribution of earnings; for 2014, the creditable ration for distribution of earnings was 26.13%.

g. Income tax assessments

NSP's income tax returns through 2013 have been assessed by the tax authorities.

30. (LOSS) EARNINGS PER SHARE

Unit: NT\$ Per Share

	Years Ended December 31	
	2015	2014
Basic (loss) earnings per share	\$ <u>(1.71)</u>	\$ <u>0.28</u>
Diluted (loss) earnings per share	\$ <u>(1.71)</u>	\$ <u>0.27</u>

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

Net (loss) income for the year

	Years Ended December 31	
	2015	2014
(Loss) income for the year attributable to owners of the parent	\$ (1,455,641)	\$ 218,562
Effect of dilutive potential common share:		
Interest on convertible bonds (after tax)	<u>-</u>	<u>-</u>
(Loss) income used in the computation of diluted (loss) income per share	\$ <u>(1,455,641)</u>	\$ <u>218,562</u>

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

	Years Ended December 31	
	2015	2014
Weighted average number of common shares used in the computation of basic (loss) earnings per share	\$ 853,555	\$ 789,121
Effect of dilutive potential common shares:		
Convertible bonds	-	-
Restricted share options of employee	-	4,169
Employee bonus or remuneration	-	1,922
Employee share options	<u>-</u>	<u>193</u>
Weighted average number of common shares used in the computation of diluted (loss) earnings per share	<u>853,555</u>	<u>795,405</u>

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

If the outstanding convertible bonds issued by NSP were converted to ordinary shares, they were anti-dilutive and excluded from the computation of diluted (loss) earnings per share.

31. SHARE-BASED PAYMENT ARRANGEMENTS

Issuance of shares reserved for employees to subscribe

On July 24, 2014, NSP's board resolved to increase its capital by public offering 65,000 thousand new common shares. The issuance was approved by the Financial Supervisory Commission on September 2, 2014, and the subscription base date was on November 28, 2014.

Part of the new shares for cash is reserved for subscription by NSP's employees. The date of the 2014 issue was November 14, 2014.

On December 9, 2015, NSP's board approved an increase in its capital by a public offering of 160,000 thousand new common shares at a par value of \$10. The issuance was approved by the Financial Supervisory Commission on January 18, 2016, and the issue date was March 9, 2016.

Part of the new shares for cash is reserved for subscription by NSP's employees. The grant date of the 2016 issue was February 25, 2016.

NSP used the Black-Scholes model to determine the fair value of the options related to the aforementioned new shares issued in 2016 and 2014. The valuation assumptions were as follows:

	2016	2014
Grant-date share price (\$/Per Share)	\$ 23.65	\$ 28.65
Exercise price (\$/Per Share)	\$ 21.00	\$ 26.50
Expected volatility	49.12%	42.16%
Expected life (years)	0.07	0.03
Expected dividend yield	-	-
Risk-free interest rate	0.41%	0.87%

The expected volatility was calculated using the historical rate of return based on NSP's share price.

The compensation cost of the shares for cash issued in 2016 and 2014 amounted to \$34,453 thousand and \$14,838 thousand, respectively.

On March 2, 2015, V5 Technology Ltd. ("V5 Technology")'s board resolved to increase its capital by public offering of 3,007 thousand new common shares. A portion of the new shares issued for cash was reserved for subscription by V5 Technology employees, and the grant date of the share issuance to employees was March 4, 2015. The subscription base date was April 30, 2015.

V5 Technology Ltd. used the Black-Scholes model to determine the fair value of the options related to the aforementioned new shares issued. The valuation assumptions were as follows:

	2015 Plan 1
Grant-date share price (\$/Per Share)	\$ 12.06
Exercise price (\$/Per Share)	\$ 15.00
Expected volatility	34.31%
Expected life (years)	0.1370
Expected dividend yield	-
Risk-free interest rate	0.35%

V5 Technology's expected volatility was calculated using the historical rate of return based on comparable companies' historical volatility of daily return.

V5 Technology's compensation cost of the shares for cash issued in 2015 was zero.

On September 25 and March 14, 2014 General Energy Solutions ("GES")'s board resolved to increase its capital by public offering 44,000 thousand and 38,666 thousand new common shares, respectively. A portion of the new shares issued for cash was reserved for GES's employees to subscribe, and the grant date for the share issuance to employees was on September 25 and March 14, 2014, respectively. The subscription base date was on January 16, 2015 and April 28, 2014, respectively.

GES used the Black-Scholes model to determine the fair value of the options related to the aforementioned new shares issued. The valuation assumptions were as follows:

	2014	
	Plan 2	Plan 1
Grant-date share price (\$/Per Share)	\$ 8.83	\$ 10.80
Exercise price (\$/Per Share)	\$ 15.00	\$ 15.00
Expected volatility	35.44%	31.84%
Expected life (years)	0.29	0.11
Expected dividend yield	-	-
Risk-free interest rate	0.46%	0.50%

GES's expected volatility was calculated using the historical rate of return based on comparable companies' historical volatility of daily return.

GES's compensation cost of the issuance of shares for cash reserved for the year ended December 31, 2014 was zero.

Employee share option plan

a. Information on employee share options issued by NSP was as follows:

On December 30, 2005 and July 28, 2006, NSP's board of directors approved employee share option plans, hereinafter referred to as the "2005 Plan" and "2006 Plan," respectively. Reserved for the 2005 Plan and 2006 Plan were option units numbering 6,000 thousand and 3,000 thousand, respectively, with each unit representing one share of NSP's common share. The 2005 Plan and the 2006 Plan are both valid for 10 years and exercisable at certain percentages from 1 year after the grant date. For any subsequent changes in NSP's common shares, the exercise price and the number of options are adjusted accordingly.

Other information on the share option plan is as follows:

	2006 Plan		2005 Plan	
	Number of Options (In Thousands)	Average Exercise Prices (NT\$/ Per Share)	Number of Options (In Thousands)	Average Exercise Price (NT\$/ Per Share)
<u>For year ended December 31, 2014</u>				
Beginning balance	100	\$10.00	175	\$10.00
Options exercised	-	-	-	-
Ending balance	<u>100</u>	10.00	<u>175</u>	10.00
Options exercisable, end of year	<u>100</u>	10.00	<u>175</u>	10.00

(Continued)

	2006 Plan		2005 Plan	
	Number of Options (In Thousands)	Average Exercise Prices (NT\$/ Per Share)	Number of Options (In Thousands)	Average Exercise Price (NT\$/ Per Share)
<u>For year ended December 31, 2015</u>				
Beginning balance	100	\$10.00	175	\$10.00
Options exercised	<u>(100)</u>	<u>10.00</u>	<u>(175)</u>	<u>10.00</u>
Ending balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Options exercisable, end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
				(Concluded)

At the end of the reporting period, the information about the outstanding share options is as follows:

December 31			
2015		2014	
Exercise Price (\$/Per Share)	Weighted Average Remaining Contractual Life (In Years)	Exercise Price (\$/Per Share)	Weighted Average Remaining Contractual Life (In Years)
\$ -	-	\$ 10.00	1.00
-	-	10.00	1.58

- b. NSP replaced DelSolar's employee share options (the "replaced ESOs") because of a business combination with DelSolar on May 31, 2013. Qualified employees of DelSolar were granted options in 2007 to 2010. The options granted are exercisable at certain percentages after the second anniversary year from the grant date. The options of Plan 3 granted in 2007 to Plan 7 granted in 2010 are both valid for seven years. For any subsequent changes in NSP's common shares, the exercise price and the number of options are adjusted accordingly.

Other information on the replaced ESOs is as follows:

	Number of Issued Share Option Rights (In Thousands)	Number of Outstanding Share Option Rights on the Acquisition Date (In Thousands)	Number of Share Option Rights Adjusted for Conversion Percentage on the Acquisition Date (In Thousands)
<u>Employee Share Option Plan</u>			
Plan 3 in 2007	4,000	832	611
Plan 4 in 2009	2,000	498	366
Plan 5 in 2009	1,470	296	218
Plan 6 in 2010	730	284	209
Plan 7 in 2010	2,100	1,080	794

Other information on the share options is as follows:

	Plan 3 in 2007		Plan 4 in 2009			
	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)		
For the year ended <u>December 31, 2014</u>						
Beginning balance	595	\$108.44	360	\$53.06		
Options canceled	(28)	108.44	(35)	46.50		
Options expired	<u>(567)</u>	108.44	<u>-</u>	-		
Ending balance	<u>-</u>	-	<u>325</u>	46.50		
Options exercisable, end of year	<u>-</u>	-	<u>325</u>	46.50		
For the year ended <u>December 31, 2015</u>						
Beginning balance	-	\$ -	325	\$46.50		
Options canceled	-	-	(155)	46.50		
Options expired	<u>-</u>	-	<u>-</u>	-		
Ending balance	<u>-</u>	-	<u>170</u>	46.50		
Options exercisable, end of year	<u>-</u>	-	<u>170</u>	46.50		
	Plan 5 in 2009		Plan 6 in 2010		Plan 7 in 2010	
	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$ Per Share)
For the year ended <u>December 31, 2014</u>						
Beginning balance	215	\$57.55	201	\$68.44	603	\$83.95
Options canceled	<u>(27)</u>	49.90	<u>(81)</u>	58.20	<u>(77)</u>	70.10
Ending balance	<u>188</u>	49.90	<u>120</u>	58.20	<u>526</u>	70.10
Options exercisable, end of year	<u>188</u>	49.90	<u>90</u>	58.20	<u>394</u>	70.10
For the year ended <u>December 31, 2015</u>						
Beginning balance	188	\$49.90	120	\$58.20	526	\$70.10
Options canceled	<u>(84)</u>	49.90	<u>(83)</u>	58.20	<u>(286)</u>	70.10
Ending balance	<u>104</u>	49.90	<u>37</u>	58.20	<u>240</u>	70.10
Options exercisable, end of year	<u>104</u>	49.90	<u>37</u>	58.20	<u>240</u>	70.10

As of balance sheet date, the information about the succeeded employee stock options due to business combination was as follows:

December 31			
2015		2014	
Exercise Price (\$)	Weighted Average Remaining Contractual Life (In Years)	Exercise Price (\$)	Weighted Average Remaining Contractual Life (In Years)
\$ 46.50	0.62	\$ 46.50	1.62
49.90	0.82	49.90	1.82
58.20	1.31	58.20	2.31
70.10	1.80	70.10	2.80

NSP adjusted the number of outstanding share option rights on the replaced ESOs on the basis of the share exchange ratio on the acquisition date. NSP recalculated the compensation cost, which was recognized at \$578 thousand for 2013.

All outstanding vested share options on the replaced ESOs were measured using the market-based method at the acquisition date. Options were priced using the Black-Scholes model. The inputs to the model were as follows:

	Plan 3 in 2007		Plan 4 in 2009	
Acquisition date share price (NT\$)	\$	25.60	\$	25.60
Exercise price (NT\$)		108.44		53.06
Expected volatility		49.6%		48.4%
Option life		1.47 years		3.20 years
Dividend yield		-		-
Risk-free interest rate		1.0%		0.9%

	Plan 5 in 2009		Plan 6 in 2010		Plan 7 in 2010	
Acquisition date share price (NT\$)	\$	25.60	\$	25.60	\$	25.60
Exercise price (NT\$)		57.55		68.44		83.95
Expected volatility		48.9%		49.7%		49.7%
Option life		3.41 years		3.89 years		3.64 years
Dividend yield		-		-		-
Risk-free interest rate		0.9%		0.9%		0.8%

c. Employee share option plan of V5 Technology:

Qualified employees of V5 Technology were granted option units numbering 173 thousand and 80 thousand in May 2015 and November 2014, respectively. Each option entitles the holder to subscribe for one common share of V5 Technology. The options granted are both valid for 5 years and exercisable at certain percentages after the first anniversary from the grant date. The options were granted at an exercise price equal to the closing price of the V5 Technology's common shares on the grant date. For any subsequent changes in the V5 Technology's common shares, the exercise price is adjusted accordingly.

Information on employee share options was as follows:

Employee Share Option Plan of 2015		
For the year ended December 31, 2015		
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	-	\$ -
Options granted	173	11.50
Options canceled	<u>(20)</u>	11.50
Balance at December 31	<u>153</u>	11.50
Options exercisable, end of period	<u>-</u>	-

Employee Share Option Plan of 2014				
For the year ended December 31				
	2015		2014	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted-average Exercise Price (NT\$)
Balance at January 1	80	\$ 24.00	-	\$ -
Options granted	-	-	80	24.00
Options canceled	<u>(13)</u>	11.50	<u>-</u>	-
Balance at December 31	<u>67</u>	11.50	<u>80</u>	24.00
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-

Information about outstanding options as of December 31, 2015 and 2014 was as follows:

December 31			
2015		2014	
Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (Years)	Range of Exercise Price (NT\$)	Weighted-average Remaining Contractual Life (Years)
\$ 11.50	2.73	\$ 24.00	3.73
11.50	4.33	-	-

Options granted in 2015 and 2014 were priced using the Black - Scholes model and the valuation assumptions were as follows:

	2015	2014
	Plan 1	Plan 1
Grant-date share price (\$/Per Share)	\$ 8.25	\$ 22.63
Exercise price (\$/Per Share)	\$ 11.50	\$ 24.00
Expected volatility	37.74%	35.79%
Expected life (years)	3.25	3.25
Expected dividend yield	-	-
Risk-free interest rate	0.781%	0.86%

V5 Technology's expected volatility was calculated using the historical rate of return based on comparable companies' historical volatility of daily return.

V5 Technology's compensation cost of the issuance of shares for cash reserved for years December 31, 2015 and 2014 were \$10 thousand and \$29 thousand, respectively.

Restricted share plan for employees

On March 18, 2014, NSP's board of directors approved another restricted share plan amounting to \$40,000 thousand, consisting of 4,000 thousand shares with a par value of \$10. Such plan may require consideration to be paid by employees at \$10 or \$0 per share.

On June 11, 2014, the shareholder's meeting proposed to offering restricted stock plan for employees with a total amount of 4,000 thousand shares in several times and the issuance was approved by the Financial Supervisory Commission on September 2, 2014; NSP's board of directors approved the first restricted share plan in 2014 to offering up to 2,000 thousand of 4,000 thousand shares on July 24, 2014.

The first offering was amounting to \$20,000 thousand, consisting of 2,000 thousand shares with a par value of \$10 per share and distributed out of earnings, which was granted on September 5, 2014 and issued on September 18, 2014. On the granted date, an actual amount of \$20,000 thousand was issued, which consisting of 2,000 thousand shares with fair value of \$29.70 per share.

NSP's board of directors approved the second restricted plan in 2014 to offer up to 2,000 thousand of 4,000 thousand shares on August 11, 2015. The second offering, granted on August 11, 2015, amounted to \$20,000 thousand, consisting of 2,000 thousand shares, with a par value of \$10 per share and with fair value of \$20.10 per share.

Information on issued employee restricted shares was as follows:

	Shares (In Thousands)	
	For the Year Ended December 31	
	2015	2014
Beginning balance	3,613	5,181
Additions	2,000	2,000
Vested	(2,426)	(3,377)
Canceled	<u>(391)</u>	<u>(191)</u>
Ending balance	<u>2,796</u>	<u>3,613</u>

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

- a. Still in service one year after the grant date and has a high rating in the current year's performance appraisal - vesting of 50% of restricted shares;
- b. Still in service two years after the grant date and has a high rating in the prior year's performance appraisal - vesting of 50% of restricted shares.

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

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

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

NSP recognized compensation costs of \$49,777 thousand and \$65,556 thousand for the years ended December 31, 2015 and 2014, respectively.

32. BUSINESS COMBINATION

- a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Percentage of Voting Equity Interests Acquired (%)	Consideration Transferred
V5 Technology	Electronic component manufacturing and selling	June 1, 2014	60	<u>\$ 18,000</u>
NCH Solar 1	Solar-related business	May 19, 2015	100	\$ 12,121
JRC	Solar-related business	July 1, 2015	100	148,797
CFR	Solar-related business	September 18, 2015	100	94,911
Abacus	Solar-related business	October 1, 2015	100	97,826
Others				
USD1	Solar-related business	September 18, 2015	100	18,712
CF Vegas	Solar-related business	September 18, 2015	100	2,108
Hsin Jin Solar Energy	Solar-related business	December 25, 2015	60	13,981
UNA249	Solar-related business	October 16, 2015	100	977
Hsin Jin Optoelectronics	Solar-related business	October 20, 2015	80	<u>10,646</u>
				<u>\$ 400,079</u>

The above subsidiaries were acquired to effectively integrate the Corporation's overall resources, diversify the Corporation's business, expand operating scale, enhance operating performance and boost competitiveness.

b. Considerations transferred

	V5 Technology	NCH Solar 1	JRC	CFR	Abacus	Others
Cash	\$ 18,000	\$ 12,121	\$ 148,797	\$ 94,911	\$ 51,137	\$ 46,424
Payable for investments purchased	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,689</u>	<u>-</u>
	<u>\$ 18,000</u>	<u>\$ 12,121</u>	<u>\$ 148,797</u>	<u>\$ 94,911</u>	<u>\$ 97,826</u>	<u>\$ 46,424</u>

c. Assets acquired and liabilities assumed at the date of acquisition (at fair value)

	V5 Technology	NCH Solar 1	JRC	CFR	Abacus	Others
Current assets	\$ 6,905	\$ 43,643	\$ 28	\$ -	\$ 150	\$ 38,853
Inventories	-	-	84,970	94,911	-	20,819
Property, plant and equipment	-	120,718	75,307	-	8,061	27,727
Intangible assets	23,108	-	-	-	89,634	-
Financial lease receivables	-	312,694	-	-	-	-
Other noncurrent assets	-	-	479	-	-	8,824
Current liabilities	<u>(905)</u>	<u>(455,050)</u>	<u>(11,987)</u>	<u>-</u>	<u>(19)</u>	<u>(37,817)</u>
	<u>\$ 29,108</u>	<u>\$ 22,005</u>	<u>\$ 148,797</u>	<u>\$ 94,911</u>	<u>\$ 97,826</u>	<u>\$ 58,406</u>

The tax bases of the above subsidiaries' assets were required to be reset on the basis of market values of the assets. At the date of finalization of these consolidated financial statements, the necessary market valuations and other calculations had been finalized.

d. Noncontrolling interests

The noncontrolling interest (40% ownership interest in V5 Technology) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$12,000 thousand. This fair value was estimated by applying an market approach. Others noncontrolling interest recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$11,982 thousand. This fair value was estimated by applying market approach.

e. (Gain from bargain purchase) goodwill recognized on acquisition

	V5 Technology	NCH Solar 1	JRC	CFR	Abacus	Others
Consideration transferred	\$ 18,000	\$ 12,121	\$ 148,797	\$ 94,911	\$ 97,826	\$ 46,424
Plus: Fair value of the acquirer's previously held equity interest	-	8,802	-	-	-	-
Plus: Non-controlling interests	12,000	-	-	-	-	11,982
Less: Fair value of identifiable net assets acquired	<u>(29,108)</u>	<u>(22,005)</u>	<u>(148,797)</u>	<u>(94,911)</u>	<u>(97,826)</u>	<u>(58,406)</u>
(Gain from bargain purchase) goodwill recognized on acquisition	<u>\$ 892</u>	<u>\$ (1,082)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Goodwill arose in the acquisition of the above subsidiaries because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth, future market development and the assembled workforce of the above subsidiaries. These benefits were not recognized separately from goodwill because they did not meet the recognition criteria for identifiable intangible assets.

f. Net cash outflow (inflow) on the acquisition of subsidiaries

	V5 Technology	NCH Solar 1	JRC	CFR	Abacus	Others
Consideration paid in cash during the year	\$ 18,000	\$ 12,121	\$ 148,797	\$ 94,911	\$ 51,137	\$ 46,424
Less: Cash balances acquired	<u>(6,005)</u>	<u>(2,807)</u>	<u>(28)</u>	<u>-</u>	<u>(150)</u>	<u>(37,371)</u>
	<u>\$ 11,995</u>	<u>\$ 9,314</u>	<u>\$ 148,769</u>	<u>\$ 94,911</u>	<u>\$ 50,987</u>	<u>\$ (9,053)</u>

g. Impact of acquisition on the results of the Corporation

The following results of the acquirees since the acquisition date were included in the consolidated statements of comprehensive income:

	V5 Technology	NCH Solar 1	JRC	CFR	Abacus	Others
Revenue	<u>\$ 21,732</u>	<u>\$ 17,253</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Profit (loss)	<u>\$ 4,375</u>	<u>\$ 2,872</u>	<u>\$ (6,661)</u>	<u>\$ (30,592)</u>	<u>\$ (3,540)</u>	<u>\$ (6,871)</u>

Had the business combination of the above subsidiaries been in effect at the beginning of the annual reporting period, the Corporation's revenue would have been \$22,235,786 thousand and the loss would have been \$1,534,532 thousand for the year ended December 31, 2015. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Corporation that would actually have been achieved had the acquisition been completed on January 1, 2015, nor is it intended to be a projection of future results.

Had the business combination of V5 Technology been in effect at the beginning of the annual reporting period, the Corporation's revenue would have been \$27,580,249 thousand and the profit would have been \$244,389 thousand for the year ended December 31, 2014. This pro-forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Corporation that would actually have been achieved had the acquisition been completed on January 1, 2014, nor is it intended to be a projection of future results.

In determining the Corporation's pro forma revenue and (loss) profit had the above subsidiaries been acquired at the beginning of the current reporting period, the management:

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

33. DISPOSAL OF SUBSIDIARIES

The Corporation lost control of the composition of the board of directors of Hashimoto and GES KYUSHU due to acquisition at a percentage different from its earlier ownership percentage; hence, the Corporation loss control of Hashimoto in the second quarter in 2014 and GES KYUSHU in the third quarter of 2014. The Corporation's equity interests in MEGATHREE decreased from 100% to 40% due to received capital US\$1,919 thousand (\$58,188 thousand) from MEGATHREE's noncontrolling shareholder; hence, the Corporation lost control of MEGATHREE in 2014.

On September 30, 2014, the Corporation entered into a sale agreement to dispose of Yong Tang with related proceeds of \$445,000 thousand which had been thoroughly received before December 31, 2014. On the same day, the Corporation lost is control over Yong Tang.

The was no subsidiary disposed in 2015.

a. Consideration received from the disposal

	MEGATHREE	Yong Tang
Consideration received in cash and cash equivalents	\$ 58,188	\$ 445,000
Proceeds receivable from disposal of investments	<u>-</u>	<u>-</u>
Total consideration received	<u>\$ 58,188</u>	<u>\$ 445,000</u>

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

	MEGATHREE	Yong Tang	GES KYUSHU	Hashimoto
Current assets				
Cash	\$ -	\$ 11,204	\$ 27,258	\$ 12,984
Accounts receivable	1,517	20,260	64,169	-
Financial lease receivables	-	34,380	-	-
Other receivables	-	261,532	19,879	-
Others	9	40,878	209	27,360
Noncurrent assets				
Financial lease receivables - noncurrent	-	1,290,643	-	-
Property, plant and equipment	95,637	92,253	190,458	177,882
Others	-	30,141	4,404	4,383
Current liabilities				
Payables to contractors and equipment suppliers	-	(215,595)	-	-
Accrued expense	-	(3,302)	(22,377)	(206,945)
Accounts payable	-	-	(232,533)	-
Others	-	(64,882)	(59)	-
Noncurrent liabilities				
Borrowings	<u>-</u>	<u>(1,038,329)</u>	<u>-</u>	<u>-</u>
Net assets disposed of	<u>\$ 97,163</u>	<u>\$ 459,183</u>	<u>\$ 51,408</u>	<u>\$ 15,664</u>

c. Loss on disposal of subsidiary

	For the Year Ended December 31, 2014
Consideration received	\$ 503,188
Fair value of equity held	90,408
Net assets disposed of	(623,418)
Noncontrolling interests	<u>24,335</u>
Loss on disposal	<u>\$ (5,487)</u>

The unrealized gain on the transactions with Yong Tang, GES KYUSHU and Hashimoto, which was reclassified to realized gain from sales through disposal of subsidiaries, amounted \$209,620 thousand and was recorded under realized gross profit from sales.

d. Net cash inflow on disposal of subsidiary

	For the Year Ended December 31, 2014
Consideration received in cash and cash equivalents	\$ 503,188
Less: Cash and cash equivalent balances disposed of	<u>(51,446)</u>
	<u>\$ 451,742</u>

34. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

On January 16, 2015, General Energy Solutions (GES) issued shares for cash and NSP acquired 32,254 thousand GES shares for \$483,805 thousand. NSP's equity interests in GES decreased from 76.54% to 75.80%. Subsequently, NSP's equity interests in GES increased from 75.80% to 75.89% because NSP acquired shares from GES's resigned employees and non-controlling shareholder. On April 30, 2015, V5 Technology Ltd. (V5 Technology) issued shares for cash and NSP acquired 1,770 thousand V5 Technology shares for \$26,546 thousand. Subsequently, NSP's equity interests in V5 Technology decreased from 60% to 59.43%. NSP's equity interests in V5 Technology increased from 59.43% to 61.33% because NSP acquired shares from V5 Technology's resigned employees and non-controlling shareholder. As of December 31, 2015, NSP's capital surplus increased by a total of \$315 thousand because of recorded changes in its equity in the investee's net assets.

On April 28, 2014, GES issued shares for cash and NSP acquired 23,050 thousand GES shares for \$345,750 thousand. NSP's equity interests in GES decreased from 72.61% to 69.20%. NSP's equity interests in GES increased from 69.20% to 76.54% because NSP acquired shares from GES's resigned employees and noncontrolling shareholder. In February 2014, Hashimoto issued shares for cash but GES acquired none of Hashimoto's shares. Due to the acquisition of Hashimoto at a percentage different from its earlier ownership percentage, GES's equity interests in Hashimoto decreased from 100% to 45%. As of December 31, 2014, NSP's capital surplus increased by a total of \$13,416 thousand because of recorded changes in its equity in the investee's net assets.

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

	General Energy Solutions and V5 Technology For the Years Ended December 31	
	2015	2014
Cash consideration received	\$ 191,369	\$ 105,624
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests	<u>(191,054)</u>	<u>(92,208)</u>
<u>Line items adjusted for equity transaction</u>		
Capital surplus - difference between consideration and carrying amounts adjusted for changes in percentage of ownership in subsidiaries	<u>\$ 315</u>	<u>\$ 13,416</u>

35. OPERATING LEASE ARRANGEMENTS

The Corporation as lessee

NSP leases lands, module plants and offices from the Science-Based Industrial Park Administration and Mustek Systems, Inc. under renewable agreements expiring in December 2026, December 2028 and June 2016, respectively, with annual rentals of \$9,277 thousand, \$5,544 thousand and \$4,439 thousand, respectively.

DelSolar (Wu Jiang) and GES leased plants and dormitories from Delta Electronics (Jiangsu) Ltd. and Hsin Lung Accessories Co., Ltd. under renewable agreements expiring in December 2016 and December 2019, with annual rentals of \$45,611 thousand and \$6,798 thousand, respectively.

Yong Liang and Yong Zhou had signed 20-year operating lease contracts with unrelated third parties on the use of property such as agricultural and livestock farms for the installation of power plants; these contracts are renewable and will expire in August 2035 and June 2035, respectively, with annual rentals of \$2,110 thousand and \$5,185 thousand, respectively.

GES FUKUSHIMA had signed 20-year operating lease contracts with unrelated third parties on the use of property for the installation of power plants; these contracts are renewable and will expire in October 2033, with annual rentals of \$357 thousand.

ET ENERGY had signed 15-year operating lease contracts with Indianapolis International Airport on the use of property for the installation of power plants; these contracts are renewable and will expire in December 2027 with annual rentals of \$8,134 thousand.

As of December 31, 2015 and 2014, refundable deposits paid under operating leases were \$5,480 thousand and \$3,498 thousand, respectively.

The future minimum lease payments for operating lease commitments were as follows:

	December 31	
	2015	2014
Up to 1 year	\$ 89,490	\$ 96,572
Over 1 year and up to 5 years	144,103	168,797
Over 5 years	<u>284,327</u>	<u>376,603</u>
	<u>\$ 517,920</u>	<u>\$ 641,972</u>

The lease payments recognized as expenses were as follows:

	For the Years Ended December 31	
	2015	2014
Minimum lease payment	<u>\$ 110,062</u>	<u>\$ 101,446</u>

36. CAPITAL MANAGEMENT

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

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

37. FINANCIAL INSTRUMENTS

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

1) Fair value of financial instruments not measured at fair value

Except as detailed in the following table, management believes that either the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values or their fair values cannot be reliably measured.

	December 31			
	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<u>Financial assets</u>				
Finance lease receivables (including current and noncurrent portion)	\$ 2,005,735	\$ 2,005,735	\$ 1,173,029	\$ 1,173,639
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	3,678,276	3,688,177	3,596,810	3,587,163

2) Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
<u>Financial assets</u>				
Finance lease receivables (including current and noncurrent portion)	\$ -	\$ -	\$ 2,005,735	\$ 2,005,735
<u>Financial liabilities</u>				
Financial liabilities measured at amortized cost				
Bonds payable	\$ -	\$ -	\$ 3,688,177	\$ 3,688,177

The fair value of finance lease receivables was estimated on the basis of interest rate of the sales with buyback agreements with similar terms.

The fair value of the liability component of convertible bonds was determined assuming redemptions on September 21, 2016 and July 18, 2017 which used interest rates based on loans with similar terms.

b. Fair value of financial instruments carried at fair value

1) Fair value of financial instruments measured at fair value

December 31, 2015

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	\$ 5,923	\$ 103,950	\$ -	\$ 109,873
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts	\$ -	\$ 29	\$ -	\$ 29
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	\$ -	\$ 5,968	\$ -	\$ 5,968
Interest swap contracts	-	134	-	134
	\$ -	\$ 6,102	\$ -	\$ 6,102

December 31, 2014

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in ROC				
Equity securities	\$ 10,128	\$ 149,450	\$ -	\$ 159,578
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts	\$ -	\$ 1,514	\$ -	\$ 1,514
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	\$ -	\$ 16,773	\$ -	\$ 16,773
Interest swap contracts	-	39	-	39
	\$ -	\$ 16,812	\$ -	\$ 16,812

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

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts, interest swap contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates or interest rates at the end of the reporting period and contract forward rates or interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Securities listed in ROC	The Corporation's investments in available-for-sale financial assets, which included 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.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 29	\$ 1,514
Loans and receivables (Note 1)	16,476,450	15,663,767
Available-for-sale financial assets (Note 2)	164,484	226,561
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	6,102	16,812
Measured at amortized cost (Note 3)	17,176,184	13,863,047

Note 1: The loans and receivables included cash and cash equivalents, notes and accounts receivable, installment accounts receivable, pledged time deposits, restricted deposits, other receivables, debt investment with no active market, etc. and were carried at amortized cost.

Note 2: The amounts included available-for-sale financial assets carried at cost.

Note 3: The financial liabilities included short-term loans, accounts payable and notes payable, other payable, long-term loans, bonds payable, and preference share liabilities, etc. and were carried at amortized cost.

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

The Corporation was mainly exposed to US dollar and JPY.

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

	US Dollar Impact		JPY Impact	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2015	2014	2015	2014
Profit or loss	\$ 30,474	\$ 64,660	\$ 3,127	\$ 7,852

The Corporation's sensitivity to USD exchange rates decreased in the current period mainly because of the increase in liabilities recorded in US dollars. The Corporation's sensitivity to JPY exchange rates decreased in the current period mainly because of the decrease in assets recorded in JPY.

b) Interest rate risk

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

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

	December 31	
	2015	2014
Fair value interest rate risk		
Financial assets	\$ 1,672,662	\$ 2,050,132
Financial liabilities	(7,444,497)	(6,078,408)
Cash flow interest rate risk		
Financial assets	8,296,572	7,436,959
Financial liabilities	(6,370,548)	(4,840,377)

Sensitivity analysis

The sensitivity analysis below was based on the Corporation's exposure to interest rates for both derivative and nonderivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability 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 Corporation's profit for 2015 and 2014 would have increased by \$19,260 thousand and \$25,966 thousand, respectively, mainly because of the Corporation's exposure to interest rates on its variable-rate demand deposits and bank borrowings.

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

c) Other price risk

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

Sensitivity analysis

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

Had equity prices been 5% lower, the other comprehensive income for the years ended 2015 and 2014 would have decreased by \$5,494 thousand and \$7,979 thousand, respectively, as a result of the changes in fair value of impaired available-for-sale investments.

The Corporation's sensitivity to price decreased in the current period mainly because of the decrease in available-for-sale financial assets.

2) Credit risk

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

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

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

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

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

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

The Corporation's concentrations of credit risk of 25% and 33% in total account receivables as of December 31, 2015 and 2014, respectively, were related to the Corporation's three largest customers.

3) Liquidity risk

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

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

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

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

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

December 31, 2015

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Nonderivative financial liabilities</u>				
Non-interest bearing	\$ 1,469,088	\$ 1,202,356	\$ 776,576	\$ 3,591,395
Variable interest rate liabilities	11,076	774,296	4,082,064	1,611,700
Fixed interest rate liabilities	<u>483,494</u>	<u>1,538,787</u>	<u>1,321,012</u>	<u>493,500</u>
	<u>\$ 1,963,658</u>	<u>\$ 3,515,439</u>	<u>\$ 6,179,652</u>	<u>\$ 5,696,595</u>

December 31, 2014

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Nonderivative financial liabilities</u>				
Non-interest bearing	\$ 1,283,800	\$ 937,028	\$ 689,134	\$ 3,631,110
Variable interest rate liabilities	65,245	623,167	2,285,609	1,978,786
Fixed interest rate liabilities	<u>226,185</u>	<u>908,657</u>	<u>915,033</u>	<u>493,500</u>
	<u>\$ 1,575,230</u>	<u>\$ 2,468,852</u>	<u>\$ 3,889,776</u>	<u>\$ 6,103,396</u>

As of December 31, 2015 and 2014, the Corporation believes there was no bank loan on which immediate repayment will be demanded.

The amounts included above for variable interest rate instruments for nonderivative 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 table shows the Corporation's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis.

December 31, 2015

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Interest rate swaps	\$ -	\$ -	\$ -	\$ 134
Foreign exchange forward contracts	<u>166</u>	<u>5,802</u>	<u>-</u>	<u>-</u>
	<u>\$ 166</u>	<u>\$ 5,802</u>	<u>\$ -</u>	<u>\$ 134</u>

December 31, 2014

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Interest rate swaps	\$ -	\$ -	\$ -	\$ 39
Foreign exchange forward contracts	<u>4,821</u>	<u>11,952</u>	<u>-</u>	<u>-</u>
	<u>\$ 4,821</u>	<u>\$11,952</u>	<u>\$ -</u>	<u>\$ 39</u>

c) Financing facilities

	December 31	
	2015	2014
Secured long-term bank loan facilities (installment credit):		
Amount used	\$ 7,547,967	\$ 9,308,492
Amount unused	<u>1,610,700</u>	<u>235,000</u>
	<u>\$ 9,158,667</u>	<u>\$ 9,543,492</u>
Unsecured long-term bank loan facilities (revolving credit):		
Amount used	\$ 1,000,000	\$ 3,494,448
Amount unused	<u>800,000</u>	<u>-</u>
	<u>\$ 1,800,000</u>	<u>\$ 3,494,448</u>
Unsecured long-term bank loan facilities (installment credit):		
Amount used	\$ 195,000	\$ -
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 195,000</u>	<u>\$ -</u>
Secured short-term bank loan facilities (which may be extended by mutual agreement):		
Amount used	\$ 108,940	\$ 294,402
Amount unused	<u>271,935</u>	<u>128,598</u>
	<u>\$ 380,375</u>	<u>\$ 423,000</u>
Secured bank loan facilities (cannot be extended):		
Amount used	\$ 589,848	\$ 589,848
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 589,848</u>	<u>\$ 589,848</u>

(Continued)

	December 31	
	2015	2014
Unsecured short-term bank loan facilities (revolving credit):		
Amount used	\$ 5,607,619	\$ 3,084,830
Amount unused	<u>6,868,372</u>	<u>8,677,584</u>
	<u>\$ 12,475,991</u>	<u>\$ 11,762,414</u>
Unsecured short-term bank loan facilities (installment credit):		
Amount used	\$ 1,613,606	\$ 316,258
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 1,613,606</u>	<u>\$ 316,258</u>

(Concluded)

38. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between NSP and its subsidiaries (NSP'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 Corporation and its related parties are disclosed below.

a. Trading transactions

	Sale of Goods	
	For the Years Ended	
	December 31	
	2015	2014
Other related parties (Note 1)	\$ 432,059	\$ 805,172
Related parties in substance (Note 2)	2,078	736
Investors with significant influence on certain group entities	1,265	318
Associates (Note 3)	<u>-</u>	<u>287,923</u>
	<u>\$ 435,402</u>	<u>\$ 1,094,149</u>
	Other Income	
	For the Years Ended	
	December 31	
	2015	2014
Related parties in substance (Note 2)	\$ 62	\$ 20
Investors with significant influence on certain group entities	<u>2</u>	<u>5</u>
	<u>\$ 64</u>	<u>\$ 25</u>
	Dividends Income	
	For the Years Ended	
	December 31	
	2015	2014
Related parties in substance (Note 2)	<u>\$ 2,000</u>	<u>\$ -</u>

	Purchase of Goods For the Years Ended December 31	
	2015	2014
Investors with significant influence on certain group entities	\$ 891	\$ 377
Related parties in substance (Note 2)	479	3,516
Associates (Note 3)	<u>-</u>	<u>26,555</u>
	<u>\$ 1,370</u>	<u>\$ 30,448</u>

	Other Expenses For the Years Ended December 31	
	2015	2014
Other related parties (Note 1)	\$ 3,507	\$ 5,145
Investors with significant influence on certain group entities	<u>3,118</u>	<u>4,568</u>
	<u>\$ 6,625</u>	<u>\$ 9,713</u>

	Rental Expense For the Years Ended December 31	
	2015	2014
Other related parties (Note 1)	<u>\$ 45,611</u>	<u>\$ 44,674</u>

	Utilities For the Years Ended December 31	
	2015	2014
Other related parties (Note 1)	<u>\$ 115,327</u>	<u>\$ 123,943</u>

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

The Corporation rents plants from other related parties under rental terms not different from similar transactions in the market.

The Corporation's purchases of utilities from other related parties were made at normal commercial prices and terms.

- b. The following accounts receivable from related parties were outstanding at the end of the reporting period:

	Accounts Receivable December 31	
	2015	2014
Other related parties (Note 1)	\$ 340,434	\$ 32,830
Investors with significant influence on certain group entities	26	54
Associates (Note 3)	<u>-</u>	<u>160,611</u>
	<u>\$ 340,460</u>	<u>\$ 193,495</u>

	Other Receivable	
	December 31	
	2015	2014
Associates (Note 3)	\$ 475,550	\$ 652,560
Other related parties (Note 1)	<u>549</u>	<u>-</u>
	<u>\$ 476,099</u>	<u>\$ 652,560</u>

	Refundable Deposits	
	December 31	
	2015	2014
Other related parties (Note 1)	<u>\$ 42,589</u>	<u>\$ -</u>

Other receivables were temporary payments of project fee that the Corporation paid for its associates, reclassified from overdue accounts receivable and interest receivable from financings provided.

The outstanding receivables from related parties were unsecured ; no impairment allowance for these receivables was recognized.

- c. The following trade payables from related parties were outstanding at the end of the reporting period:

	Accounts Payable	
	December 31	
	2015	2014
Investors with significant influence on certain group entities	\$ 324	\$ 144
Related parties in substance (Note 2)	169	226
Other related parties (Note 1)	64	65
Associates (Note 3)	<u>-</u>	<u>84,485</u>
	<u>\$ 557</u>	<u>\$ 84,920</u>

	Receipts in Advance	
	December 31	
	2015	2014
Other related parties (Note 1)	<u>\$ 12</u>	<u>\$ 12</u>

	Payables to Contractors and Equipment Suppliers	
	December 31	
	2015	2014
Investors with significant influence on certain group entities	\$ 70,235	\$ 121,394
Related parties in substance	<u>4,168</u>	<u>-</u>
	<u>\$ 74,403</u>	<u>\$ 121,394</u>

	Other Accrued Expenses	
	December 31	
	2015	2014
Investors with significant influence on certain group entities	\$ 6,455	\$ 16,468
Other related parties (Note 1)	<u>77,128</u>	<u>59,408</u>
	<u>\$ 83,583</u>	<u>\$ 75,876</u>

Note 1: Other related parties were entities of the investor who has significant influence over the Corporation and the entity whose parent issued puttable preferred stocks which were acquired by the Corporation on December 18, 2015. Phanes Holding has become the Corporation's associates since December 18, 2015; thus, the Corporation disclosed the related trading transactions from December 18, 2015 and the remained amounts as of December 31, 2015.

Note 2: eBsuccess Solutions Inc. ceased to be the Corporation's related party in substance on July 1, 2014; thus, the Corporation stopped disclosing the related trading transactions and remaining amounts in 2014.

Note 3: Hahsimoto and GES KYUSHU were deemed associates since April 1, 2014 and August 1, 2014; thus, the Corporation disclosed the trading transactions from April 1, 2014 and August 1, 2014, and the balances as of December 31, 2014.

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

d. Other transactions

	Acquisition of Property, Plant and Equipment	
	For the Year Ended December 31	
	2015	2014
Investors with significant influence on certain group entities	<u>\$ 70,806</u>	<u>\$ 122,604</u>

	Proceeds		Loss on Disposal	
	For the Years Ended December 31		For the Years Ended December 31	
	2015	2014	2015	2014
Investors with significant influence on certain group entities	<u>\$ 9,510</u>	<u>\$ -</u>	<u>\$ (2,387)</u>	<u>\$ -</u>

		For the Years Ended December 31					
		2015			2014		
		Number of Shares	Underlying Assets	Price	Number of Shares	Underlying Assets	Price
Other related parties (Note 1)	Debt investments with no active market - noncurrent	28,500	Puttable preferred stock	<u>\$310,103</u>	-	-	<u>\$ -</u>

In order to develop new projects of power facility globally, the Corporation entered into a consultancy agreement with other related parties with a total contract price of \$49,682 thousand. For the year ended December 31, 2015, the paid amount which was recorded under selling expense-service charge was about 22,081 thousand.

The Corporation's construction of power facility was built under the supervision of other related parties. As of December 31, 2015, the total contract price of \$143,527 thousand was fully paid and was recorded under inventories- power facility construction in progress.

Refer to Note 42 for information relating to financing and endorsements and guarantees between the Corporation and its related parties.

e. Compensation of key management personnel

The compensation of directors and other members of key management personnel for 2015 and 2014 was as follows:

	For the Years Ended December 31	
	2015	2014
Short-term benefits	\$ 71,288	\$ 78,309
Share-based payments	14,270	20,124
Post-employment benefits	<u>1,486</u>	<u>1,447</u>
	<u>\$ 87,044</u>	<u>\$ 99,880</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.

39. 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 deposit for government:

	December 31	
	2015	2014
Property, plant and equipment	\$ 7,926,059	\$ 7,411,028
Restricted assets (classified as other current and noncurrent assets)	1,272,709	633,727
Finance lease receivables (including current and noncurrent portions)	1,107,244	1,018,860
Refundable deposits	342,150	247,167
Pledged time deposits (classified as other current and noncurrent assets)	213,006	204,923
Pledged bank acceptances (classified as other current assets)	<u>50,744</u>	<u>-</u>
	<u>\$ 10,911,912</u>	<u>\$ 9,515,705</u>

40. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

a. Significant commitments

1) Long-term purchase contracts:

- a) In December 2006, March 2007 and September 2008, NSP entered into long-term materials supply agreements with company J. Under the agreements, NSP should make the nonrefundable payments from January 1, 2006 to December 31, 2018. In return, company J should provide an agreed-upon quantity of raw materials.

In January 2011, NSP entered into a long-term materials supply agreement with company J. Under the agreement, NSP should make payments from January 1, 2011 to December 31, 2015. In return, company J should provide an agreed-upon quantity of raw materials. The prepayment is refundable even if the agreed-upon quantity is not bought.

As of December 31, 2015, amounts of US\$7,489 thousand (\$239,626 thousand) and \$31,914 thousand were recorded under prepayment. Earlier, in November 2009, NSP renegotiated the purchase price with company J. Both parties agreed to adjust the purchase quantity and price monthly from December 2009.

- b) In August 2007 and January 2008, NSP entered into long-term materials supply agreements with company G. Under the agreements, NSP should make payments from January 1, 2009 to December 31, 2018. In return, company G should provide an agreed-upon quantity of raw materials. As of December 31, 2015, an amount of US\$11,035 thousand (\$364,460 thousand) was recorded under prepayment. In May 2009, NSP and company G revised the agreements. Under the new agreements, company G should provide an agreed-upon quantity of raw materials from 2009 to December 31, 2018. Within this period, deductions could be made from the prepayments, and the purchase price would be adjusted on the basis of market price. The last agreement revision by NSP and company G was in September 2013. The purchase price would be adjusted monthly in accordance with the pricing mechanism agreed upon by both parties. In November 2015, company G's parent company located in Shanghai announced that its domestic subsidiary would undergo a financial restructuring. Although company G indicated the financial restructuring would not affect its operation and will continuously provided raw materials to NSP, NSP accrued a potential loss in 2015 considering prepayment might not be collected.
- c) In February 2008, DelSolar entered into a long-term materials supply agreement with company AH. Based on this supply agreement, company AH guaranteed to provide an agreed-upon quantity of raw materials to DelSolar during January 2009 to December 31, 2015, and in return DelSolar would make some prepayments by installments during this period of time. In April 2013, company AH stopped supplying materials because of its financial difficulties, and both parties entered into the negotiation process. On May 31, 2013, NSP merged with DelSolar, with NSP as the survivor entity. Considering prepayments to company AH might not be able to be fully collected, NSP had accrued a potential loss in the second quarter of 2013. On March 24, 2015, NSP received an arbitration notice of company AH. NSP believes there are unsolved issues on the long-term materials supply agreement which will need further clarification from both parties. Therefore NSP has engaged an attorney to assist on the process and will make necessary adjustments according to the result of arbitration.

- d) In March 2008 and August 2008, NSP entered into long-term materials supply agreements with company BM. Under the agreements, NSP should make payments from January 1, 2008 to December 31, 2016. In return, company BM should provide an agreed-upon quantity of raw materials. As of December 31, 2015, an amount of US\$1,326 thousand (\$43,024 thousand) was recorded under prepayment. Earlier, in August 2010, NSP renegotiated the agreement with company BM. Both parties agreed to adjust the purchase price and refund amount of prepayment in accordance with market prices from August 2010.
- e) In October 2008, NSP entered into a long-term materials supply agreement with company K. Under the agreement, NSP should make payments from January 2009 to December 31, 2016. In return, company K should provide an agreed-upon quantity of raw materials. In December 2010, NSP renegotiated the agreement with company K. Both parties agreed that company K would provide NSP with an agreed-upon quantity of raw materials at its purchase price plus a markup of a certain percentage from January 2011 to December 31, 2016. As of December 31, 2015, an amount of US\$16,240 thousand (\$487,678 thousand) was recorded under prepayment. In the controversy of whether or not to continuously perform the above-mentioned agreement, company K has filed a lawsuit at Hsinchu District Court on January 13, 2016 to demand payment for \$10,000 thousand as a partial claim. NSP retained lawyers to defend this lawsuit.
- f) In August 2010 and December 2013, NSP entered into long-term materials supply agreements with company Y. Under the agreements, company Y should provide an agreed-upon quantity of raw materials from October 2010 to December 31, 2016. NSP should make payments during this period. Earlier, both parties agreed to adjust the purchase price monthly from October 2010 in accordance with a price adjustment mode agreed upon by both parties. Under the agreement, if NSP fails to complete the purchase of the required quantity or delays its payments, company Y is entitled to request compensation.
- g) In November 2010, NSP entered into a long-term materials supply agreement with company X. Under the agreement, NSP should make payments from January 2011 to December 31, 2017. In return, company X should provide an agreed-upon quantity of raw materials. As of December 31, 2015, an amount of US\$3,918 thousand (\$113,374 thousand) was recorded under prepayment. Earlier, both parties agreed to adjust the purchase price monthly since 2012. However, in three months ended March 31, 2012, both parties failed to reach an agreement on purchase price and quantity. Under the agreement, NSP was entitled to end the contract unconditionally, and company X should return the remaining balance of prepayment. Both parties agreed to deduct the remaining prepayment before March 31, 2013. Because company X announced it would undertake financial restructuring, NSP considered the remaining prepayments might not be collected due to company X's going concern; thus, NSP accrued potential losses for 2012 and 2013. NSP resumed purchase after October 2014.
- h) In March 2011, NSP entered into a long-term materials supply agreement with company AD. Under the agreement, company AD should provide an agreed-upon quantity of raw materials. Based on the agreement, the purchase price will be adjusted quarterly. In return, NSP should make the payment from January 2012 to December 31, 2018. In April 2015, NSP renegotiated the agreement with company AD. Both parties agreed that company AD would provide NSP with an agreed-upon quantity of raw materials from April 2015 to December 31, 2022, and the purchase price would be negotiated quarterly. As of December 31, 2015, an amount of US\$7,297 thousand (\$212,405 thousand) was recorded under prepayment. Under the agreement, if NSP delays the payments, company AD is entitled to request an interest on the delayed payment at a rate already agreed on by both parties.

2) Material sell-buy agreements:

As of December 31, 2015, the Corporation entered into irrevocable sell-buy agreements with several companies.

The information was as follows:

Company Name	Buyer	Duration	Note
Yong Liang	Taiwan Power Company	20 years	Sale of electricity to third parties without prior permission is disallowed
Yong Han	Taiwan Power Company	20 years	Sale of electricity to third parties without prior permission is disallowed
Yong Zhou	Taiwan Power Company	20 years	Sale of electricity to third parties without prior permission is disallowed
GES FUKUSHIMA	Tokyo Electric Power Company	20 years	Sale of electricity to third parties without prior permission is disallowed
Hsin Jin Optoelectronics	Taiwan Power Company	20 years	Sale of electricity to third parties without prior permission is disallowed
Hsin Jin Solar Energy	Taiwan Power Company	20 years	Sale of electricity to third parties without prior permission is disallowed
TIPPING POINT	The government of the City of Columbus, Ohio, USA	20 years	Sale of electricity to third parties without prior permission is disallowed
ET ENERGY	Indianapolis Power & Light Company, USA	15 years	Sale of electricity to third parties without prior permission is disallowed
SH4	Larkspur-Corte Madera School District, USA	20 years	Sale of electricity to third parties without prior permission is disallowed
NCH Solar1	Good Energy Limited, UK	20 years	Sale of electricity to third parties without prior permission is disallowed

All transactions in the sale of 71 facilities of Yong Tang were completed on September 30, 2014. Because partial facilities have not obtained the registration certificate of power generation facilities and some flaws in the rental agreement need to be supplemented and corrected, the Corporation needed to submit guarantee deposits of \$5,615 thousand of the construction in progress which was continuously supplemented and corrected as of December 31, 2015.

- 3) GES developed new projects of power facility globally under the supervision of the contractors. The Corporation entered into construction contracts with several contractors with a total contract price of \$2,483,424 thousand and the unpaid amount was \$1,178,760 thousand as of December 31, 2015.
- 4) GES entered into equity purchase or assets purchase agreements with several companies with a total contract price of \$175,926 thousand and the unpaid amount was \$96,796 thousand as of December 31, 2015.

- 5) GES entered into solar power projects development agreements with several companies (including related parties) with a total contract price of \$142,763 thousand and the unpaid amount was \$64,240 thousand as of December 31, 2015.
- 6) Unused letters of credit amounted to approximately EUR\$6,139 thousand and US\$8,483 thousand as of December 31, 2015.

b. Contingencies

- 1) In December 2010, NSP and the M+W Group (M+W) entered into a construction agreement and materials purchase agreement, with a total amount of \$510,000 thousand. On April 22, 2013, M+W claimed the construction had been completed and requested for a payment of \$191,165 thousand (including \$49,344 thousand for additional works). On September 4, 2013, M+W requested the help of the Hsin-chu district court, a common pleas court, to request NSP to return \$200,723 thousand, which included \$191,165 thousand and interest calculated at 5% per year. NSP already filed a plea and counterplea on this case.

As of December 31, 2015, the amount of \$368,179 thousand had been paid; except the \$49,344 thousand for the additional works. NSP had accrued construction contract payables of \$141,821 thousand accordingly.

- 2) In December 2013, the group led by SolarWorld AG's United States subsidiary, the Coalition for American Solar Manufacturing (CASM), has filed an antidumping complaint against Chinese solar modules in the United States Department of Commerce (DOC) and the United States International Trade Commission (ITC), alleging that Chinese solar module producers dodged those duties by using cells manufactured in Taiwan.

On February 14, 2014, ITC issued its affirmative preliminary determination that the subject imports cause or threaten to cause injury to the United States industry. On July 25, 2014, DOC announced its preliminary determination of dumping margin, NSP received a cash deposit dumping margin of 19.5%. Such cash deposit dumping margin will be finalized in subsequent annual review. The tariffs in general to be covered by the importer itself; hence, there will be no significant impact on NSP.

In April 2015, SolarWorld AG filed an anti-circumvention investigation against Taiwanese and Malaysian solar module producers in European Commission. The case was officially filed in May 2015 and NSP has fully cooperated with the investigation by submitting related questionnaires. On December 22, 2015, European Commission declared the results of the investigation that NSP was exempt from anti-dumping duty.

- 3) The controversy associated with payment for goods between the Corporation and company CD:

The Corporation filed an appeal with Suzhou 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 and pleaded to the Shanghai International Economic and Trade Arbitration Commission (SHIAC) on July 2, 2015 to request CEEG (Nanjing) Renewable Energy Co. Ltd, a CD group company, to return RMB32,060 thousand. The Corporation has simultaneously applied for property preservation and recognized appropriate allowance for impairment loss and necessary adjustment will be made depending on the ruling. Suzhou Intermediate People's Court ruled in the Corporation's favor on September 23, 2015, but company CD appealed to the court of second instance on October 8, 2015.

During the appeal, the Corporation and company CD reached an agreement on December 30, 2015 after mediation. According to the agreement, CEEG (Shanghai) would propose a specific payment schedule with expected repayment of RMB48,230 thousand and CEEG (Nanjing) assumed joint liability. The case pleaded to SHIAC is currently pending in court and the mediation with CEEG (Nanjing) Renewable Energy Co., Ltd. is still in process.

- 4) In the controversy of whether or not to continuously perform the long-term materials supply agreement, company K has filed a lawsuit at Hsinchu District Court on January 13, 2016 to demand payment of \$10,000 thousand partial claim. NSP entrusted a lawyer to handle the case during the judicial procedure.

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

The following information was aggregated by the foreign currencies other than functional currencies of the Corporation and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

	December 31			
	2015		2014	
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)
<u>Financial assets</u>				
Monetary assets				
USD	\$ 179,781	33.0660	\$ 186,862	31.7200
USD (Note 2)	11,101	6.4950	4,715	6.2245
EUR	17,457	35.8230	5,287	38.4450
EUR (Note 2)	119	7.0876	-	-
JPY	316,927	0.2737	858,228	0.2641
JPY (Note 2)	820	0.0539	-	-
RMB	6,676	5.0744	7,333	5.0960
GBP	1,755	48.9019	11,356	49.2195
HKD	1	4.2521	-	-
Nonmonetary assets				
USD	1,170	33.0660	1,144	31.7200
USD	9,500	32.6424	-	-
JPY	99,194	0.2737	132,813	0.2641
USD	62	30.9264	62	30.5322
EUR	600	37.6500	600	37.6500
<u>Financial liabilities</u>				
Monetary liabilities				
USD	157,529	33.0660	135,279	31.7200
USD (Note 2)	13,391	6.4950	14,000	6.2245
USD (Note 3)	1,529	66.2000	1,529	63.2200
EUR	8,246	35.8230	1,991	38.4450
EUR (Note 2)	210	7.0876	210	7.5442
JPY	85,580	0.2737	203,388	0.2641
JPY (Note 2)	3,672	0.0539	60,211	0.0518
GBP	3,355	48.9019	4	49.2195
RMB	44	5.0744	-	-
Nonmonetary assets				
USD	-	-	483	31.7200

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

Note 2: Exchange rates between foreign currencies and RMB.

Note 3: Exchange rates between foreign currencies and INR.

For the years end December 31, 2015 and 2014, realized and unrealized foreign exchange gains were \$39,831 thousand and \$151,656 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.

42. SEPARATELY DISCLOSED ITEMS

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

- a. Financings provided: Table 1 (attached)
- b. Endorsements/guarantees provided: Table 2 (attached)
- c. Marketable securities held (which does not include invested subsidiaries, associates, and joint ventures): Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Table 4 (attached)
- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: No.
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: No.
- 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: Please see Note 7.
- j. Names, locations, and 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 5 (attached)
- l. Intercompany relationships and significant intercompany transaction: Table 9 (attached)

43. OPERATING SEGMENT INFORMATION

Financial information reported to the Corporation's chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on revenue from each type of products. The accounting policies of the reportable segments are the same as the Corporation's accounting policies. The Corporation's main reportable segments are solar cell, module and power facility.

a. Segment revenue and results

	Segment Revenue			
	For the Year Ended December 31			
	2015		2014	
	From External Customer	Inter-segment Sales	From External Customer	Inter-segment Sales
Solar cell	\$ 16,442,493	\$ 1,559,859	\$ 23,342,524	\$ 2,081,985
Module	4,551,562	852,773	3,217,297	1,046,693
Power facility	1,051,681	-	939,412	-
Others	<u>169,760</u>	<u>6,488</u>	<u>81,016</u>	<u>484,373</u>
Total for continuing operations	<u>\$ 22,214,496</u>	<u>\$ 2,419,120</u>	<u>\$ 27,580,249</u>	<u>\$ 3,613,051</u>

	Segment Profit or Loss	
	For the Years Ended December 31	
	2015	2014
Solar cell	\$ 464,662	\$ 1,500,699
Power facility	211,333	763,562
Others	(3,859)	(80,907)
Module	<u>(47,147)</u>	<u>(394,130)</u>
Reportable segments gross profit	624,989	1,789,224
Unrealized intercompany profit	<u>187</u>	<u>(1,928)</u>
	625,176	1,787,296
Unallocated amount		
Operating expenses	(1,904,768)	(1,577,066)
Other income and expenses	(20,477)	37,294
Nonoperating income and expenses	<u>(252,886)</u>	<u>(25,535)</u>
(Loss) income before income tax	<u>\$ (1,552,955)</u>	<u>\$ 221,989</u>

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

b. Segment assets

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

c. Revenue from major products and services

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

	For the Year Ended December 31	
	2015	2014
Solar cell	\$ 16,442,493	\$ 23,342,524
Module	4,551,562	3,217,297
Power facility	1,051,681	939,412
Others	<u>169,760</u>	<u>81,016</u>
	<u>\$ 22,214,496</u>	<u>\$ 27,580,249</u>

d. Geographical information

The Corporation's revenue from external customers by location of operations and information about its noncurrent assets by location of assets are shown below.

	Revenue from External Customers		Noncurrent Assets	
	Year Ended December 31		December 31	
	2015	2014	2015	2014
China	\$ 11,792,180	\$ 11,066,162	\$ 1,688,723	\$ 2,013,012
Taiwan	3,097,485	6,111,187	10,640,826	11,926,593
USA	1,800,083	3,721,611	156,042	217,520
Germany	1,457,307	2,107,253	-	-
UK	1,209,915	287,923	136,499	-
Japan	1,177,345	2,430,842	301,264	36,365
Others	<u>1,680,181</u>	<u>1,855,271</u>	<u>-</u>	<u>-</u>
	<u>\$ 22,214,496</u>	<u>\$ 27,580,249</u>	<u>\$ 12,924,354</u>	<u>\$ 14,193,490</u>

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

e. Major customers

Single customers that each contributed 10% or more to the Corporation's revenue were as follows:

	For the Year Ended December 31			
	2015		2014	
	Amount	%	Amount	%
Custom BS	\$ 4,340,257	20	\$ 2,801,901	10
Custom BL	2,996,229	13	3,355,084	12
Custom H	NA (Note)	NA (Note)	4,960,006	18

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

TABLE 1**NEO SOLAR POWER CORP. AND SUBSIDIARIES**

**FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)**

Financing Company	Borrower	Financial Statement Account	Maximum Balance for the Period	Ending Balance	Actual Amount Provided	Interest Rate	Nature of Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Total Financing Amount Limit	Note
											Item	Value			
NSP	General Energy Solutions	Other receivables from related parties	\$ 929,310	\$ -	\$ -	2.8%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,975,629 (Notes 2, 3, 4 and 5)	\$3,951,259	2
General Energy Solutions	Yong Liang	Other receivables from related parties	100,000	100,000	100,000	2.2%	2	-	Operating capital	-	-	-	955,792 (Notes 2, 3, 4 and 5)	955,792	2
	GES USA	Other receivables from related parties	105,000	-	-	-	2	-	Operating capital	-	-	-	238,948 (Notes 2, 3, 4 and 5)	477,896	2
	GES JAPAN	Other receivables from related parties	196,000	196,000	196,000	2.2%-2.233%	2	-	Operating capital	-	-	-	238,948 (Notes 2, 3, 4 and 5)	477,896	2
GES UK	GES JAPAN	Other receivables from related parties	107,320	-	-	-	2	-	Operating capital	-	-	-	2,225,253 (Notes 2, 3, 4 and 5)	2,225,253	2
	Hashimoto	Other receivables from related parties	13,685	13,685	13,685	2.2%	2	-	Operating capital	-	-	-	222,525 (Notes 2, 3, 4 and 5)	445,051	2
GES USA	ET ENERGY	Other receivables from related parties	31,555	-	-	-	2	-	Operating capital	-	-	-	736,463 (Notes 2, 3, 4 and 5)	736,463	2
	TIPPING POINT	Other receivables from related parties	24,096	-	-	-	2	-	Operating capital	-	-	-	736,463 (Notes 2, 3, 4 and 5)	736,463	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 borrower should not exceed 40% of the financing company's net asset value. The net asset value of General Energy Solutions is based on the latest audited or reviewed financial statement.

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

Note 4: The total amount of financing for short-term financing need should not exceed 20% of net asset value and the financing for a borrower should not exceed 10% of net asset value.

Note 5: Domestic subsidiaries with over 75% of voting shares owned directly or indirectly over 75% by General Energy Solution are not subject to Notes 3 and 4.

Note 6: Overseas subsidiaries wholly owned directly or indirectly by General Energy Solution are not subject to Note 2.

TABLE 2

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)**

No.	Financing Company	Counterparty		Limits on Endorsement/ Guarantee Amount Provided to Each Counter-party (Notes 1 and 2)	Maximum Balance for the Period	Ending Balance	Actual Provided	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Latest Financial Statements (%)	Maximum Endorsement/ Guarantee Amount Allowable (Notes 1 and 2)	Endorsement/ Guarantee Amount Provided to Subsidiary	Endorsement/ Guarantee Amount Provided to the Parent Company	Endorsement/ Guarantee Amount Provided to Mainland China
		Name	Nature of Relationship										
0	NSP	General Energy Solutions	Subsidiary	\$ 3,951,259	\$ 400,000	\$ 400,000	\$ 247,413	\$ -	2.02	\$ 9,878,147	YES	-	-
1	General Energy Solutions	GES UK	Subsidiary	3,951,259	1,115,172	1,115,172	1,115,172	-	5.64	9,878,147	YES	-	-
		Yong Liang	Subsidiary	2,389,481	630,000	630,000	328,353	-	26.37	4,778,962	YES	-	-
		GES UK	Subsidiary	2,389,481	480,000	480,000	196,413	-	20.09	4,778,962	YES	-	-
		GES USA	Subsidiary	2,389,481	679,626	592,582	338,973	-	24.80	4,778,962	YES	-	-
		MEGAONE	Subsidiary	2,389,481	67,500	-	-	-	-	4,778,962	YES	-	-
		MEGATHREE	Associate	2,389,481	67,500	-	-	-	-	4,778,962	NO	-	-
		MEGAFOUR	Subsidiary	2,389,481	17,890	-	-	-	-	4,778,962	YES	-	-
		Hashimoto	Associate	2,389,481	81,000	-	-	-	-	4,778,962	NO	-	-

- Note 1: In accordance with the “Rules of Guarantees by NSP,” the ceiling for total guaranteed amount was 50% of NSP’s net asset value, and the limit on the guaranteed amount for a single party was 20% of NSP’s net asset value. But for business purposes, the limit of guaranteed amount was the total of the purchase from or sale to NSP within the most recent year.
- Note 2: Based on the “Rules of Guarantees by General Energy Solutions,” the ceiling for total guaranteed amount was 200% of General Energy Solutions’ (GES) net asset value, and the limit of guaranteed amount for a single party was 100% of GES’s net asset value. But for business purposes, the limit on the guaranteed amount was the total of the purchase from or sale to GES within the most recent year. GES’s net asset value is based on its latest financial statements.

TABLE 3

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**MARKETABLE SECURITIES HELD
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Marketable Securities Type and Issuer	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				Note
				Shares (Thousands/ Units)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
NSP	<u>Stock</u> TTMC	Investee	Available-for-sale financial assets - noncurrent	4,000	\$ 59,400	5.44	\$ 59,400	Note 2
	SUN APPENNINO CORPORATION	Investee	Financial assets carried at cost - noncurrent	-	22,590	26.09	22,590	Note 1
	FICUS CAPITAL CORPORATION	Investee	Financial assets carried at cost - noncurrent	-	1,259	28.07	1,259	Note 1
General Energy Solutions	<u>Stock</u> Putable preferred stock-Phanes Holding	Other related party	Debt investment with no active market - noncurrent	29	310,103	100.00	310,103	Note 2
Prime Energy	<u>Stock</u> TTMC	Investee	Available-for-sale financial assets - noncurrent	359	5,923	0.49	5,923	Note 2
	EXOJET	Investee	Financial assets carried at cost - noncurrent	5,885	30,100	16.91	30,100	Note 1
New Ray Investment	<u>Stock</u> TTMC	Investee	Available-for-sale financial assets - noncurrent	3,000	44,550	4.08	44,550	Note 2
GES USA	<u>Stock</u> TG ENERGY SOLUTIONS LLC	Investee	Financial assets carried at cost - noncurrent	-	662	10.00	662	Note 1

Note 1: The above amount is based on book value.

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

Note 3: The above marketable securities had not been pledged or mortgaged. TTMC’s shares held by NSP and New Ray Investment through private equity placement were restricted under Article 43-8 of the Securities and Exchange Act as of December 31, 2015.

TABLE 4

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(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 (Thousands/ Units)	Amount	Shares (Thousands/ Units)	Amount	Shares (Thousands/ Units)	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares (Thousands/ Units)	Amount
NSP	Stock	Investments accounted for using the equity method	-	-	112,669	\$ 1,524,378	32,427	\$ 486,413	-	\$ -	\$ -	\$ -	145,096 (Note 1)	\$ 1,823,867 (Note 2)
	Desolar Cayman		-	-	125,400	3,693,740	14,101	459,969	-	-	-	-	139,501 (Note 3)	3,658,194 (Note 4)
General Energy Solutions	Stock	Investments accounted for using the equity method	-	-	23,198	760,686	46,500	1,397,626	-	-	-	-	69,698	2,158,312
	Putable preferred stock-Phanes Holding		-	-	-	-	29	310,103	-	-	-	-	29	310,103

Note 1: On September 25, 2014, General Energy Solutions’ (GES) board of directors proposed a capital increase of \$660,000 thousand and the Corporation increased its holding of GES shares by 32,254 thousand; the Corporation increased its holding of GES shares by 173 thousand in 2015 from GES’s resigned employees and non-controlling interest.

Note 2: The ending balance included the distribution of cash dividends of \$29,019 thousand for 2014, recognition of the investment net loss of \$211,014 thousand, cumulative translation adjustments of \$52,355 thousand, unrealized intercompany profit of \$595 thousand and adjustments of \$159 thousand of the differences between equity and investment costs.

Note 3: On August 11, 2015, the Corporation’s board of directors approved to increase in its capital by US\$14,000 thousand and to increase its holdings of DeSolar Cayman by 14,101 thousand shares.

Note 4: The ending balance included the recognized investment net loss of \$485,837 thousand, cumulative translation adjustments \$(9,883) thousand and unrealized intercompany profit adjustments of \$205 thousand.

TABLE 5

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**TOTAL PURCHASE FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Nature of Relationship	Transaction Details				Non-arm’s Length Transaction		Notes/Accounts Payable or Receivable		Remark
			Purchase/ Sale	Amount	% to Total (Note)	Payment Terms	Unit Price	Payment Term	Ending Balance	% to Total (Note)	
NSP	General Energy Solutions Yong Liang	Subsidiary Subsidiary	Sale	\$ 383,892	1.97	120 days from the invoice date	\$ -	-	\$ 402,026	8.99	-
			Sale	112,914	0.58	90-120 days from the invoice date	-	-	207	-	-
DelSolar Wu Jiang	DelSolar Wu Jiang	Subsidiary	Sale	710,867	3.65	Open account 30 days	-	-	2,605	0.06	-
			Purchase	1,188,402	8.41	Cash on delivery 7 day	-	-	(35,152)	1.92	-
	Delta Electronic (Japan) Inc. Delta Greentech (China) Co., Ltd. (Delta Greentech (China))	Other related party Other related party	Sale	305,452	1.57	Open account 60 days	-	-	150,800	3.37	-
			Sale	125,129	3.07	Open account 90 days	-	-	117,134	11.11	-

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

TABLE 6

NEO SOLAR POWER CORP. AND SUBSIDIARIES

RECEIVABLE FROM RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars)

Company Name	Related Party	Nature of Relationship	Receivable from Related Parties	Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
NSP	Delta Electronic (Japan) Inc.	Other related party	\$ 150,800	3.56	\$ 15	Receivable according to the financial situation	\$ 45,813	\$ -
	General Energy Solutions	Subsidiary	402,026	1.57	327,396	Receivable according to the financial situation	-	-
DelSolar Wu Jiang	Delta Greentech (China)	Other related party	117,134	2.16	27,533	Receivable according to the financial situation	27,401	-
General Energy Solutions	Yong Liang	Subsidiary	101,688	-	-	Receivable according to the financial situation	-	-
	GES JAPAN	Subsidiary	194,810	-	-	Receivable according to the financial situation	-	-
	GES KYUSHU	Associate	161,887	-	161,887	Receivable according to the financial situation	32,932	-
GES UK	JRC	Subsidiary	1,500,259	-	-	Receivable according to the financial situation	-	-
GES JAPAN	Abacus	Subsidiary	205,958	-	-	Receivable according to the financial situation	-	-
	GES KYUSHU	Associate	110,302	-	-	Receivable according to the financial situation	-	-
	Hashimoto	Associate	184,179	-	-	Receivable according to the financial situation	-	-

TABLE 7

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares (Thousands)	% of Ownership	Carrying Value			
NSP	DelSolar Cayman	Cayman Islands	Investment company	\$ 4,427,839	\$ 3,967,870	139,501	100.00	\$ 3,658,194	\$ (486,647)	\$ (485,837)	Note 1
	General Energy Solutions	Hsin-chu, Taiwan	Electronic component manufacturing and selling	2,116,408	1,629,996	145,096	75.89	1,823,867	(277,529)	(211,014)	Note 1
	NSP BVI	British Virgin Islands	Investment company	65,233	-	2,001	100.00	66,164	(1)	(1)	Note 1
	New Ray Investment	Tainan, Taiwan	Investment company	115,000	115,000	11,500	100.00	56,308	(30,061)	(30,061)	Note 1
	Prime Energy	Tainan, Taiwan	Electronic component manufacturing and selling	90,000	90,000	9,000	100.00	50,994	(26,416)	(26,416)	Note 1
	NSP System	Tainan, Taiwan	Investment company	50,000	-	5,000	100.00	46,702	(2,685)	(2,685)	Note 1
	V5 Technology	Hsin-chu, Taiwan	Electronic component manufacturing and selling	57,691	30,000	3,681	61.33	32,275	(33,745)	(21,824)	Note 2
	BPS	Tainan, Taiwan	Solar related business	6,000	-	600	60.00	5,717	(472)	(283)	Note 1
	NSP UK	London, UK	Investment company	1,449	-	30	100.00	1,333	(130)	(130)	Note 1
	New Castle	Kaohsiung, Taiwan	Investment company	550	-	55	55.00	540	(18)	(10)	Note 1
	DelSolar Singapore	Singapore	Investment company	-	-	310	100.00	(46,151)	(1,981)	(1,981)	Note 1
	Yong Liang	Hsin-chu, Taiwan	Solar related business	129,000	59,000	-	100.00	118,324	3,632	3,632	Note 1
	Yong Han	Hsin-chu, Taiwan	Solar related business	29,000	1,000	-	100.00	28,525	1,081	1,081	Note 1
	Yong Zhou	Hsin-chu, Taiwan	Solar related business	35,000	20,000	-	100.00	20,627	(11,340)	(11,340)	Note 1
General Energy Solutions	Yun Yeh	Hsin-chu, Taiwan	Solar related business	1,000	-	-	100.00	908	(92)	(92)	Note 1
	GES JAPAN	Fukuoka, Japan	Investment company	-	211,614	-	-	-	(62,504)	(1,498)	Notes 1 and 4
	Hashimoto	Hashimoto, Japan	Solar related business	-	32,954	-	-	-	(9,678)	987	Notes 1 and 4
	Abacus	Tokyo, Japan	Solar related business	94,870	-	-	100.00	94,269	(3,540)	(3,540)	Note 1
	GES UK	London, UK	Investment company	2,122,975	660,897	69,698	100.00	2,158,312	(126,237)	(126,237)	Note 1
	GES USA	Delaware, US	Investment company	557,200	557,200	18,780	100.00	708,894	5,292	5,292	Note 1
	GES JAPAN	Fukuoka, Japan	Investment company	226,627	-	221	100.00	469,803	(62,504)	(61,006)	Notes 1 and 4
	NCH Solar 1	London, UK	Solar related business	533,810	7,230	10,797	100.00	534,561	6,821	4,461	Note 1
	GES Solar 2	London, UK	Solar related business	128,657	-	2,581	100.00	120,117	(2,917)	(2,917)	Note 1
	GES Solar 3	London, UK	Solar related business	3,280	-	-	100.00	3,032	(197)	(197)	Note 1
	GES Solar 4	London, UK	Solar related business	-	-	-	-	(49)	(49)	(49)	Notes 1 and 3
	GES Solar 5	London, UK	Solar related business	-	-	-	-	(49)	(49)	(49)	Notes 1 and 3
	GES Solar 6	London, UK	Solar related business	-	-	-	-	(49)	(49)	(49)	Notes 1 and 3
	GES Solar 7	London, UK	Solar related business	-	-	-	-	(49)	(49)	(49)	Notes 1 and 3
GES UK	GES Solar 8	London, UK	Solar related business	-	-	-	-	(49)	(49)	(49)	Notes 1 and 3
	GES PH	Manila, Philippines	Solar related business	6,029	6,029	8,622	100.00	6,437	(78)	(78)	Note 1
	GES CANADA	Canada	Investment company	143,952	-	4,600	100.00	109,379	(7,324)	(7,324)	Note 1
	ET ENERGY	Indiana, US	Solar related business	247,759	247,759	8,400	100.00	284,687	38,450	38,450	Note 1
	TIPPING POINT	Ohio, US	Solar related business	34,471	29,605	1,155	100.00	28,365	744	744	Note 1
	MEGAONE	California, US	Solar related business	-	28,608	-	-	-	(6,836)	(6,836)	Note 1
	MEGATWO	California, US	Solar related business	-	-	-	-	(43,837)	(27,914)	(27,914)	Notes 1 and 3
	MEGATHREE	Delaware, US	Solar related business	38,606	38,606	1,284	40.00	38,675	(2,691)	(796)	Note 1
	MEGAFOUR	New York, US	Solar related business	-	-	-	-	-	(14,018)	(14,018)	Note 1
	MEGAFIVE	California, US	Solar related business	-	-	-	-	(636)	(611)	(611)	Notes 1 and 3
	MEGASIX	California, US	Solar related business	-	-	-	-	(110)	(105)	(105)	Notes 1 and 3
	MEGASEVEN	California, US	Solar related business	-	-	-	-	(60)	(58)	(58)	Notes 1 and 3
	SEC Newco	New York, US	Solar related business	-	-	-	-	-	(295)	(295)	Note 1
	ASSET ONE	California, US	Solar related business	-	-	-	-	(186)	(27)	(27)	Notes 1 and 3
GES USA	ASSET TWO	California, US	Solar related business	-	-	-	-	(54)	(25)	(25)	Notes 1 and 3
	CENERGY	California, US	Solar related business	-	-	-	-	(799)	(767)	(767)	Notes 1 and 3
	SH4	California, US	Solar related business	-	-	-	-	(196)	(189)	(189)	Notes 1 and 3
	Bulldong	Indiana, US	Solar related business	-	-	-	-	-	(1,632)	(1,632)	Note 1
	JRC	Doninican	Solar related business	146,025	-	5	100.00	141,861	(6,661)	(6,661)	Note 1
	GES KYUSHU	Fukuoka, Japan	Solar related business	76,116	76,116	25	45.00	20,476	(12,283)	(5,527)	Note 1
	GES FUKUSHIMA	Fukuoka, Japan	Solar related business	34,580	34,580	2	100.00	29,682	(480)	(480)	Note 1
	Hashimoto	Hoshimoto, Japan	Solar related business	10,909	-	2	45.00	6,672	(9,678)	(4,355)	Notes 1 and 4

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2015			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2015	December 31, 2014	Shares (Thousands)	% of Ownership	Carrying Value			
NSP System	Hsin Jin Optoelectronics	Yilan, Taiwan	Solar related business	\$ 10,647	-	-	80.00	\$ 9,229	\$ (1,704)	\$ (1,418)	Note 1
	Hsin Jin Solar Energy	Taipei, Taiwan	Solar related business	13,981	-	-	60.00	12,814	(1,896)	(1,167)	Note 1
	Si One	Tainan, Taiwan	Solar related business	15,000	-	1,500	100.00	14,997	(3)	(3)	Note 1
NSP UK	NSP Germany	Cologne, Germany	Solar related business	GBP\$ 17	-	-	90.00	GBP\$ 17	-	-	Note 1
	UNA 249	Frankfurt, Germany	Solar related business	GBP\$ 20	-	-	100.00	GBP\$ 18	GBP\$ (1)	GBP\$ (1)	Note 1
DelSolar Cayman	DelSolar US	Delaware, US	Investment company	US\$ 14,800	US\$ 5,800	1	100.00	US\$ 12,860	US\$ (1,190)	US\$ (1,190)	Note 1
	DelSolar HK	Hong Kong	Investment company	US\$ 125,200	US\$ 120,100	125,200	100.00	US\$ 98,215	US\$ (14,127)	US\$ (14,127)	Note 1
	NSP NEVADA	Nevada, US	Solar related business	-	-	-	100.00	-	-	-	Notes 1 and 3
DelSolar HK	DelSolar Wu Jiang	Jiangsu, China	Solar related business	US\$ 120,000	US\$ 120,000	-	100.00	US\$ 93,118	US\$ (14,158)	US\$ (14,158)	Note 1
	NSP JAPAN	Osaka, Japan	Solar related business	US\$ 97	-	1	100.00	US\$ 74	US\$ (24)	US\$ (24)	Note 1
	NSP Nanchang	Jiangxi, China	Solar related business	US\$ 5,000	-	-	100.00	US\$ 4,962	US\$ 61	US\$ 61	Note 1
DelSolar Wu Jiang	XYH Suzhou	Jiangsu, China	Solar related business	-	-	-	100.00	US\$ (3)	US\$ (3)	US\$ (3)	Note 1
DelSolar US	DelSolar Development	Delaware, US	Solar related business	US\$ 4,850	US\$ 4,850	-	100.00	US\$ 4,822	US\$ (120)	US\$ (120)	Note 1
	CFR	Delaware, US	Solar related business	US\$ 2,870	-	-	100.00	US\$ 1,907	US\$ (963)	US\$ (963)	Note 1
	USD1	Delaware, US	Solar related business	US\$ 3,582	-	-	100.00	US\$ 3,512	US\$ (70)	US\$ (70)	Note 1
DelSolar Development	CF Vegas	Delaware, US	Solar related business	US\$ 741	-	-	100.00	US\$ 709	US\$ (32)	US\$ (32)	Note 1
	DSS-USF PHX LLC	US	Solar related business	US\$ 1,370	US\$ 1,370	-	100.00	US\$ 1,685	US\$ (22)	US\$ (22)	Note 1
	DSS-RAL LLC	US	Solar related business	US\$ 2,555	US\$ 2,555	-	100.00	US\$ 3,281	US\$ (120)	US\$ (120)	Note 1
DelSolar Singapore	DelSolar India	India	Solar related business	US\$ 300	US\$ 300	1,435	100.00	US\$ (1,398)	US\$ (69)	US\$ (69)	Note 1

Note 1: Recognized on the basis of audited financial statements as of December 31, 2015.

Note 2: Recognized on the basis of unaudited financial statements as of December 31, 2015.

Note 3: The Corporation’s special-purpose entities.

Note 4: To simplify the organization structure, General Energy Solutions sold its entire shares of GES JAPAN to its 100% owned subsidiary, GES UK; and sold its entire share of Hashimoto to its 100% owned subsidiary, GES JAPAN, in first quarter of 2015.

Note 5: For the investment in mainland China, refer to Table 8.

(Concluded)

TABLE 8**NEO SOLAR POWER CORP. AND SUBSIDIARIES****INVESTMENT IN MAINLAND CHINA****FOR THE YEAR ENDED DECEMBER 31, 2015****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Equity-method Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2015	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2015	Percentage of Ownership in Investment	Investment Gain (Loss) (Note)	Carrying Value as of December 31, 2015 (Note)	Accumulated Inward Remittance of Earnings as of December 31, 2015
					Outflow	Inflow					
DelSolar Wu Jiang	Solar related business	US\$ 120,000	Indirect investments through the Corporation's 100% subsidiaries	US\$ 120,000	\$ -	\$ -	US\$ 120,000	100%	US\$ (14,158)	US\$ 93,118	\$ -
NSP Nanchang	Solar related business	US\$ 5,000	Indirect investments through the Corporation's 100% subsidiaries	-	US\$ 5,000	-	US\$ 5,000	100%	US\$ 61	US\$ 4,962	-

Accumulated Investment in Mainland China as of December 31, 2015 (US\$ in Thousands)	Investment Amount Authorized by the Investment Commission, MOEA (US\$ in Thousands)	Limit on the Corporation's Investment in Mainland China
US\$ 125,000	US\$ 128,440	\$ 11,853,776

Note 1: Amount was recognized on the basis of audited financial statements.

Note 2: On December 1, 2015, the Investment Commission, MOEA, authorized the investment of US\$3,440 thousand in NSP (Jiangsu) Limited (tentative name) but the capital has not been invested as of December 31, 2015.

TABLE 9

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars)**

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			
				Financial Statements Items	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
0	<u>For the year ended December 31, 2015</u>						
	NSP	General Energy Solutions	1	Accounts receivable	\$ 402,206	Note 2	1
			1	Other receivables	518	Note 2	-
			1	Accrued expenses	1,572	Note 2	-
			1	Payables to contractors and equipment suppliers	156	Note 2	-
			1	Sales	383,892	Note 2	2
			1	Cost of sale	(170)	Note 2	-
			1	Interest income	8,269	Note 2	-
			1	Dividend income	29,019	Note 2	-
			1	Purchase	161	Note 2	-
			1	Manufacturing expenses	12,231	Note 2	-
			1	Miscellaneous purchases	1,258	Note 2	-
			1	Acquisition of property, plant and equipment	40,394	Note 2	-
		Prime Energy New Ray Investment V5 Technology	1	Rental income	60	Note 2	-
			1	Rental income	60	Note 2	-
			1	Other receivables	91	Note 2	-
			1	Rental income	902	Note 2	-
			1	Acquisition of property, plant and equipment	2,118	Note 2	-
		BPS	1	Other receivable	16	Note 2	-
			1	Rental income	75	Note 2	-
			1	Other income	3	Note 2	-
		NSP NEVADA NSP System NSP UK	1	Temporary prepayments-noncurrent	16,922	Note 2	-
			1	Rental income	9	Note 2	-
			1	Prepayments for long-term investments in stocks	2,498	Note 2	-
		Hsin Jin Optoelectronics	1	Accounts receivable	15,771	Note 2	-
			1	Other receivable	24,133	Note 2	-
			1	Sales	9,085	Note 2	-
			1	Rental income	5	Note 2	-
		Si One	1	Other receivable	5	Note 2	-
			1	Rental income	5	Note 2	-
		Hsin Jin Solar Energy	1	Account receivable	28,246	Note 2	-
			1	Sales	8,763	Note 2	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			
				Financial Statements Items	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
0	NSP	DelSolar Wu Jiang	1	Accounts receivable	\$ 2,605	Note 2	-
			1	Other receivables	4,185	Note 2	-
			1	Accounts payable	35,152	Note 2	-
			1	Estimated accrued expenses	189	Note 2	-
		DelSolar Wu Jiang	1	Sales	710,867	Note 2	3
			1	Other income	6	Note 2	-
			1	Purchase	1,188,402	Note 2	5
			1	Maintenance and repair charges	369	Note 2	-
		Delsolar US	1	Temporary prepayments-noncurrent	65,200	Note 2	-
			1	Temporary prepayments-noncurrent	69,641	Note 2	-
			1	Other receivables	19,843	Note 2	-
		Yong Liang	1	Estimated accrued expenses	377	Note 2	-
			1	Accounts receivable	207	Note 2	-
			1	Sales	112,914	Note 2	1
		Yong Zhou	1	Accounts receivable	38	Note 2	-
			1	Sales	36	Note 2	-
		Delsolar India	1	Other receivables	50,575	Note 2	-
			1	Refundable deposits	103	Note 2	-
1	DelSolar Wu Jiang	XYH Suzhou	3	Other receivables - other	115	Note 2	-
1	DSS-RAL LLC	DelSolar Development	3	Other receivables	17,177	Note 2	-
1	NSP UK	NSP Germany	3	Prepayments for long-term investments in stocks	107	Note 2	-
1	General Energy Solutions	Yong Liang	3	Other receivables	101,688	Note 2	-
			3	Rental income	70	Note 2	-
			3	Interest income	1,933	Note 2	-
		Yun Han	3	Sales	9,384	Note 2	-
			3	Rental income	70	Note 2	-
			3	Rental income	70	Note 2	-
		Yong Zhou	3	Rental income	64	Note 2	-
			3	Rental income	64	Note 2	-
			3	Rental income	64	Note 2	-
		GES JAPAN	3	Other receivables	194,810	Note 2	-
			3	Interest income	3,300	Note 2	-
			3	Other receivables	89,358	Note 2	-
1	Yong Zhou	Yong Liang	3	Other receivables	14,687	Note 2	-
			3	Sales	62,404	Note 2	-
1	Yong Zhou	Yong Han	3	Rental income	99	Note 2	-
			3	Rental income	99	Note 2	-
1	GES JAPAN	GES FUKUSHIMA	3	Accrued expenses	495	Note 2	-
			3	Other receivables	205,958	Note 2	1
1	GES UK	GES Solar 2	3	Other receivables	1,226	Note 2	-
			3	Other receivables	59	Note 2	-
		GES Solar 4	3	Other receivables	59	Note 2	-
			3	Other receivables	59	Note 2	-
		GES Solar 5	3	Other receivables	59	Note 2	-
			3	Other receivables	59	Note 2	-
		GES Solar 6	3	Other receivables	59	Note 2	-
			3	Other receivables	59	Note 2	-
		GES Solar 7	3	Other receivables	59	Note 2	-
			3	Other receivables	59	Note 2	-
1	GES UK	NCH Solar 1	3	Accrued expenses	1,719	Note 2	-
			3	Accrued expenses	1,719	Note 2	-
		JRC	3	Other receivables	1,500,259	Note 2	4
			3	Other receivables	538	Note 2	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			
				Financial Statements Items	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
1	GES USA	ET ENERGY	3	Other receivables	\$ 14,426	Note 2	-
			3	Interest income	103	Note 2	-
		TIPPING POINT	3	Other receivables	8,958	Note 2	-
			3	Interest income	49	Note 2	-
		MEGATWO	3	Other receivables	47,115	Note 2	-
		MEGAFIVE	3	Other receivables	8,498	Note 2	-
		MEGASIX	3	Other receivables	14,659	Note 2	-
		MEGASEVEN	3	Other receivables	60	Note 2	-
		ASSET ONE	3	Other receivables	10,580	Note 2	-
		ASSET TWO	3	Other receivables	54	Note 2	-
		SH4	3	Other receivables	22,580	Note 2	-
		CENERGY	3	Other receivables	98,614	Note 2	-
1	NCH Solar 1	JRC	3	Sales	1,651	Note 2	-
1	GES Solar 2	GES Solar 3	3	Other receivables	25,667	Note 2	-
1	GES FUKUSHIMA	Abacus	3	Other receivables	88	Note 2	-
1	MEGATWO	GES USA	3	Prepayment for equipment	16,177	Note 2	-
0	NSP	General Energy Solutions	1	Sales	258,549	Note 2	1
			1	Purchase	3,947	Note 2	-
			1	Manufacturing expenses	235,499	Note 2	1
			1	Accounts receivable	86,059	Note 2	-
			1	Accounts payable	13,218	Note 2	-
			1	Accrued expenses	26	Note 2	-
			1	Indirect material expense	1	Note 2	-
		V5 Technology	1	Acquisition of property, plant and equipment	9,882	Note 2	-
			1	Payables to contractors and equipment suppliers	9,882	Note 2	-
			1	Other receivable	66	Note 2	-
			1	Rental income	62	Note 2	-
			1	Other income	8	Note 2	-
		Prime Energy	1	Rental income	60	Note 2	-
		New Ray Investment	1	Rental income	60	Note 2	-
		DelSolar Wu Jiang	1	Sales	319,253	Note 2	1
			1	Purchase	2,773,287	Note 2	10
			1	Sale of property, plant and equipment	20,347	Note 2	-
			1	Acquisition of property, plant and equipment	31,463	Note 2	-
			1	Sales return of property, plant and equipment	865	Note 2	-
			1	Other receivables	4,015	Note 2	-
			1	Payments in advance	246,842	Note 2	1
			1	Accounts payable	1,313	Note 2	-
			1	Accrued expenses	80	Note 2	-
			1	Maintenance and repair charges	240	Note 2	-

(Continued)

No.	Company Name	Counterparty	Flow of Transactions (Note 1)	Intercompany Transactions			
				Financial Statements Items	Amount	Terms	Percentage to Consolidated Total Gross Sales or Total Assets
0	NSP	DelSolar India	1	Other receivables	\$ 48,516	Note 2	-
1	General Energy Solutions	Yong Tang	1	Refundable deposits	103	Note 2	-
		Yong Liang	3	Sales	190,551	Note 2	1
			3	Sales	50,934	Note 2	-
			3	Account receivables	11,924	Note 2	-
			3	Other receivables	32,000	Note 2	-
		GES FUKUSHIMA	3	Sales	5,680	Note 2	-
		GES JAPAN	3	Other receivables	66,124	Note 2	-
		MEGAONE	3	Temporary prepayments	11,419	Note 2	-
		MEGATWO	3	Other receivables	20,033	Note 2	-
		SEC Newco	3	Other receivables	169,272	Note 2	-
1	GES USA	ET ENERGY	3	Other receivables	5,828	Note 2	-
		TIPPING POINT	3	Other receivables	15,407	Note 2	-
		MEGAONE	3	Other receivables	11,743	Note 2	-
		MEGATWO	3	Other receivables	49,717	Note 2	-
		MEGAFOUR	3	Other receivables	46,781	Note 2	-

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.

(Concluded)