

Neo Solar Power Corp. and Subsidiaries

**Consolidated Financial Statements for the
Years Ended December 31, 2017 and 2016 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, 2017 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:



CHUM SAM HONG
Chairman

March 30, 2018

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Neo Solar Power Corp.

Opinion

We have audited the accompanying financial statements of Neo Solar Power Corp. and its subsidiaries (collectively referred to as the Corporation), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (refer to the Other Matter section of this report), the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Corporation's consolidated financial statements for the year ended December 31, 2017 are stated as follows:

Revenue recognition

The Corporation's major income source is solar cell and module sales. In 2017, revenue from the sale of solar cells and modules decreased 42.86% observably compared with the last year's corresponding period (refer to Note 28 to the accompanying consolidated financial statements for details on revenue). Also, the customer

base of the Corporation changed significantly this year. Thus, regarding revenue recognition, there may be a high risk that revenue did not occur.

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

1. Understood and tested the design and operating effectiveness of the internal controls over revenue recognition to assess whether revenue recognition had been approved appropriately and the rights and risks of ownership had already been transferred.
2. Confirmed the accuracy of the amounts and timing of revenue recognition by selecting samples and obtaining relevant evidence.
3. Confirmed the authenticity of the background information for the 10 largest new customers.

Assessment of impairment losses on prepayments of long-term purchase contracts

To stabilize the supply of raw materials in the manufacturing process, the Corporation signed several long-term materials supply agreements and made certain prepayments to deduct actual purchases. The assessment of impairment losses on prepayments may be influenced by any worsening of the supplier's financial position, negative variances in the solar energy industry, and declining prices of raw materials; any of these factors could result in a deceleration in the use of the prepayments. The assessment of impairment losses on prepayments by key management personnel is related to estimations of future cash flows and the identification of rates for recognizing impairment losses. Therefore, the assessment of impairment losses on prepayments is a key audit matter. The accounting policies on impairment losses on prepayments can be found in Notes 4-1 and 5 to the accompanying consolidated financial statements. For the description of impairment losses on prepayments, refer to Notes 21 and 41 to the consolidated financial statements.

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

1. Assessed the reasonableness of the method used by key management personnel for recognizing impairment losses as well as the reasonableness of assumptions.
2. Tested the accuracy of relevant calculations of prepayment deductions and confirmed that the impairment loss was properly recognized when prepayments would not be fully applied.

Other Matter

Some subsidiaries included in the Corporation's consolidated financial statements were audited by other auditors. The amounts within the consolidated financial statements for those subsidiaries were based solely on the report from other auditors. As of December 31, 2017 and 2016, total assets of the aforementioned subsidiaries were 26.27% and 23.84% of the consolidated total assets, respectively. For the years ended December 31, 2017 and 2016, the operating revenue of these subsidiaries were 5.63% and 4.02% of the consolidated total operating revenue, respectively.

The financial statements of some investee companies accounted for using the equity method were audited by other auditors. The amounts within the consolidated financial statements for those investee companies were based solely on the report from other auditors. As of December 31, 2017 and 2016, the aforementioned investments accounted for using the equity method were NT\$32,650 thousand and NT\$68,889 thousand, respectively. For the years ended December 31, 2017 and 2016, there was a loss of NT\$(5,944) thousand and a gain of NT\$11,363 thousand, respectively, from the aforesaid investments accounted for using the equity method.

Some subsidiaries included in the Corporation's consolidated financial statements, which we have not audited but were audited by other auditors in accordance with different auditing standards, are based on a different framework than the accompanying consolidated financial statements. We have performed compulsory audit procedures for transferring adjustments of the reports to be in accord with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The consolidated financial statement amounts for the aforementioned subsidiaries were based on the reports of other auditors and the results of additional audit procedures enacted in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. As of December 31, 2017 and 2016, total assets of the aforementioned subsidiaries were 5.60% and 1.60% of the consolidated total assets, respectively. For the years ended December 31, 2017 and 2016, the operating revenue of these subsidiaries was 0.38% and 0.26% of the consolidated total operating revenue, respectively.

The financial statements of some investee companies accounted for using the equity method, which we have not audited but were audited by other auditors in accordance with different auditing standards, are based on a different framework from the accompanying consolidated financial statements. We have performed compulsory audit procedures for transferring adjustments of the reports to be in accord with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The consolidated financial statement amounts for the aforementioned investee companies were based on the reports of other auditors and the results of additional audit procedures enacted in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. As of December 31, 2017 and 2016, the aforesaid investments accounted for using the equity method were NT\$3,590 thousand and NT\$1,297,472 thousand, respectively. For the year ended December 31, 2017 and 2016, the Corporation's share of the gains and losses of the aforesaid investments accounted for using the equity method were a loss of NT\$(28,413) thousand and a gain of NT\$33,184 thousand, respectively.

The financial statements of some investee companies accounted for using the equity method as of and for the year ended December 31, 2017, which are based on a different framework from the accompanying consolidated financial statements and which we have not audited, were audited by other auditors. We have performed compulsory audit procedures for transferring adjustments of the reports to be in accord with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The consolidated financial statement amounts for the aforementioned investee companies were based on the reports of other auditors. As of December 31, 2017, the aforesaid investments accounted for using the equity method were NT\$81,718 thousand. For the year ended December 31, 2017, the Corporation's share of the losses of the aforesaid investments accounted for using the equity method was NT\$(18,562) thousand.

We have also audited the parent company only financial statements of the Corporation as of and for the years ended December 31, 2017 and 2016 on which we have issued an unqualified opinion with Other Matters.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Cheng-Chih Lin and Shu-Chieh Huang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 30, 2018

Notice to Readers

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

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

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

ASSETS	2017		2016		LIABILITIES AND EQUITY	2017		2016	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Notes 4 ,6, 33, 34, 35 and 38)	\$ 4,430,627	13	\$ 8,007,136	22	Short-term bank loans (Notes 22, 38 and 40)	\$ 8,229,315	24	\$ 7,541,551	21
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 38)	106	-	11,889	-	Short-term bills payable (Notes 22 and 38)	606,396	2	249,839	1
Debt investments with no active market - current (Notes 4, 10 and 38)	-	-	145,256	1	Financial liabilities at fair value through profit or loss - current (Notes 4, 7 and 38)	5,742	-	1,912	-
Notes and accounts receivable, net (Notes 4, 5, 11 and 38)	1,300,076	4	2,581,479	7	Notes and accounts payable (Note 38)	1,104,640	3	1,178,638	3
Accounts receivable from related parties (Notes 4, 5, 11, 38 and 39)	170,506	-	101,322	-	Accounts payable to related parties (Notes 38 and 39)	12,820	-	185,322	1
Finance lease receivables (Notes 4, 5, 12, 18, 38 and 40)	195,295	1	98,585	-	Amount due to customers for construction contracts (Notes 4, 13, 38 and 39)	71,963	-	-	-
Amount due from customers for construction contracts (Notes 4, 13, 38 and 39)	64,295	-	-	-	Bonuses payable to employees and directors (Note 29)	8,242	-	2,649	-
Other receivables (Notes 4, 11 and 38)	99,626	-	117,546	-	Payables to contractors and equipment suppliers (Notes 38 and 39)	507,879	2	408,513	1
Other receivables from related parties (Notes 4, 11, 38 and 39)	1,765,926	5	900,012	3	Accrued expenses (Notes 4, 24, 38 and 39)	2,536,941	8	1,640,534	4
Current tax assets (Notes 4 and 30)	8,557	-	8,031	-	Current tax liabilities (Notes 4 and 30)	19,462	-	3,943	-
Inventories (Notes 4, 14 and 40)	2,972,591	9	4,883,357	13	Provisions - current (Notes 4 and 25)	1,609	-	4,890	-
Prepayments (Notes 4, 5, 20, 21, 39 and 41)	205,275	1	404,262	1	Receipts in advance (Note 39)	374,623	1	90,788	-
Non-current assets held for sale (Notes 4, 15, 18 and 40)	280,778	1	39,881	-	Current portion of long-term bank loans and preference share liabilities (Notes 22, 23, 38 and 40)	3,101,105	9	1,430,815	4
Other current assets (Notes 21, 38 and 40)	<u>1,079,956</u>	<u>3</u>	<u>349,795</u>	<u>1</u>	Other current liabilities (Note 24)	<u>98,835</u>	<u>-</u>	<u>93,748</u>	<u>-</u>
Total current assets	<u>12,573,614</u>	<u>37</u>	<u>17,648,551</u>	<u>48</u>	Total current liabilities	<u>16,679,572</u>	<u>49</u>	<u>12,833,142</u>	<u>35</u>
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through profit or loss - non-current (Notes 4, 7 and 38)	141,514	-	-	-	Financial liabilities at fair value through profit or loss - non-current (Notes 4, 7 and 38)	94,014	-	-	-
Available-for-sale financial assets - non-current (Notes 4, 8 and 38)	109,065	-	127,688	-	Bonds payable (Notes 4, 23, 38 and 40)	3,425,011	10	3,616,038	10
Financial assets carried at cost - non-current (Notes 4, 9 and 38)	54,546	-	54,595	-	Long-term bank loans (Notes 22, 38 and 40)	2,158,036	6	3,214,092	9
Debt investments with no active market - non-current (Notes 4, 10 and 38)	149,240	-	161,395	-	Provisions - non-current (Notes 4 and 25)	246,033	1	207,018	-
Investments accounted for using the equity method (Notes 4 and 17)	1,887,773	6	2,029,759	6	Deferred tax liabilities (Notes 4 and 30)	53,125	-	42,085	-
Property, plant and equipment (Notes 4, 5, 15, 18, 39 and 40)	11,162,899	33	12,097,204	33	Guarantee deposits	36,595	-	39,569	-
Intangible assets (Notes 4, 19 and 33)	261,350	1	314,879	1	Preference share liabilities (Notes 4, 22 and 38)	26,419	-	-	-
Deferred tax assets (Notes 4 and 30)	90,529	-	45,430	-	Other non-current liabilities (Note 24)	<u>189,330</u>	<u>1</u>	<u>223,292</u>	<u>1</u>
Finance lease receivables - non-current (Notes 4, 5, 12, 18, 38 and 40)	3,798,494	11	1,640,449	5	Total non-current liabilities	<u>6,228,563</u>	<u>18</u>	<u>7,342,094</u>	<u>20</u>
Prepayments - non-current (Notes 4, 5, 20, 21 and 41)	1,010,072	3	1,383,917	4	Total liabilities	<u>22,908,135</u>	<u>67</u>	<u>20,175,236</u>	<u>55</u>
Refundable deposits (Notes 4, 39 and 40)	852,023	2	438,095	1	EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE PARENT				
Other receivables from related parties - non-current (Notes 4, 11, 38 and 39)	194,664	1	36,798	-	(Notes 27, 32 and 35)				
Prepayments for leases (Notes 4 and 20)	19,700	-	22,165	-	Common shares	10,192,564	30	10,176,152	28
Other non-current assets (Notes 21 and 40)	<u>1,940,462</u>	<u>6</u>	<u>853,893</u>	<u>2</u>	Capital surplus	6,028,165	18	12,345,346	33
Total non-current assets	<u>21,672,331</u>	<u>63</u>	<u>19,206,267</u>	<u>52</u>	Retained earnings				
					Accumulated deficit	(4,611,501)	(14)	(6,309,786)	(17)
					Other equity	<u>(529,826)</u>	<u>(2)</u>	<u>(148,761)</u>	<u>(1)</u>
					Total equity attributable to shareholders of the parent	11,079,402	32	16,062,951	43
					NON-CONTROLLING INTERESTS (Notes 16 and 35)	<u>258,408</u>	<u>1</u>	<u>616,631</u>	<u>2</u>
					Total equity	<u>11,337,810</u>	<u>33</u>	<u>16,679,582</u>	<u>45</u>
TOTAL	<u>\$ 34,245,945</u>	<u>100</u>	<u>\$ 36,854,818</u>	<u>100</u>	TOTAL	<u>\$ 34,245,945</u>	<u>100</u>	<u>\$ 36,854,818</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2018)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2017		2016	
	Amount	%	Amount	%
NET SALES (Notes 4, 28, 39 and 41)	\$ 10,247,887	100	\$ 16,537,125	100
COST OF SALES (Notes 4, 14, 29, 39 and 41)	<u>12,204,604</u>	<u>119</u>	<u>18,451,928</u>	<u>112</u>
GROSS LOSS	(1,956,717)	(19)	(1,914,803)	(12)
(UNREALIZED) REALIZED GAINS FROM SALES	<u>(26,678)</u>	<u>-</u>	<u>2,430</u>	<u>-</u>
REALIZED GROSS LOSS	<u>(1,983,395)</u>	<u>(19)</u>	<u>(1,912,373)</u>	<u>(12)</u>
OPERATING EXPENSES (Notes 29 and 39)				
Selling	761,073	7	912,759	6
General and administrative	723,884	7	787,980	5
Research and development	<u>266,224</u>	<u>3</u>	<u>364,283</u>	<u>2</u>
Total operating expenses	<u>1,751,181</u>	<u>17</u>	<u>2,065,022</u>	<u>13</u>
OTHER INCOME AND EXPENSES (Notes 15, 18 and 29)	<u>(158,372)</u>	<u>(2)</u>	<u>(2,373,564)</u>	<u>(14)</u>
LOSS FROM OPERATIONS	<u>(3,892,948)</u>	<u>(38)</u>	<u>(6,350,959)</u>	<u>(39)</u>
NON-OPERATING INCOME AND EXPENSES				
Gain on disposal of investments	344,039	3	40,240	-
Interest income (Notes 29 and 39)	162,255	1	103,757	1
Other income (Notes 29 and 39)	85,329	1	33,750	-
Foreign exchange gain (loss), net (Notes 29 and 39)	73,979	1	(13,536)	-
Dividends income	4,415	-	-	-
Share of profit of associates and joint ventures (Notes 4 and 17)	1,488	-	10,754	-
Gain on disposal of power facilities business (Note 12)	-	-	19,830	-
Other gains and losses	(4,123)	-	(19,864)	-
(Loss) gain on financial instruments at fair value through profit or loss (Notes 4 and 7)	(179,008)	(2)	191,484	1
Finance costs (Notes 22 and 29)	<u>(726,152)</u>	<u>(7)</u>	<u>(431,063)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>(237,778)</u>	<u>(3)</u>	<u>(64,648)</u>	<u>-</u>

(Continued)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Loss Per Share)

	2017		2016	
	Amount	%	Amount	%
LOSS BEFORE INCOME TAX	\$ (4,130,726)	(41)	\$ (6,415,607)	(39)
INCOME TAX (EXPENSE) BENEFIT (Notes 4 and 30)	<u>(29,263)</u>	<u>-</u>	<u>6,733</u>	<u>-</u>
NET LOSS FOR THE YEAR	<u>(4,159,989)</u>	<u>(41)</u>	<u>(6,408,874)</u>	<u>(39)</u>
OTHER COMPREHENSIVE (LOSS) INCOME (Note 29)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(344,571)	(3)	(364,154)	(2)
Unrealized (losses) gains on available-for-sale financial assets	<u>(18,623)</u>	<u>-</u>	<u>17,815</u>	<u>-</u>
Total other comprehensive loss	<u>(363,194)</u>	<u>(3)</u>	<u>(346,339)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>\$ (4,523,183)</u>	<u>(44)</u>	<u>\$ (6,755,213)</u>	<u>(41)</u>
NET LOSS ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (4,154,163)	(41)	\$ (6,309,786)	(38)
Non-controlling interests	<u>(5,826)</u>	<u>-</u>	<u>(99,088)</u>	<u>(1)</u>
	<u>\$ (4,159,989)</u>	<u>(41)</u>	<u>\$ (6,408,874)</u>	<u>(39)</u>
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:				
Shareholders of the parent	\$ (4,479,244)	(44)	\$ (6,622,416)	(40)
Non-controlling interests	<u>(43,939)</u>	<u>-</u>	<u>(132,797)</u>	<u>(1)</u>
	<u>\$ (4,523,183)</u>	<u>(44)</u>	<u>\$ (6,755,213)</u>	<u>(41)</u>
LOSS PER SHARE (Note 31)				
Basic loss per share	<u>\$ (4.08)</u>		<u>\$ (6.53)</u>	
Diluted loss per share	<u>\$ (4.08)</u>		<u>\$ (6.53)</u>	

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

(With Deloitte & Touche auditors' report dated March 30, 2018)

(Concluded)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Shareholders of the Parent															
	Capital Surplus															
	Common Shares		Share Premium	Conversion Premium of Convertible Bonds	Conversion Option of Convertible Bonds	Difference between Consideration and Carrying Amounts Adjusted Arising from Changes in Percentage of Ownership in Subsidiaries	Employee Share Options	Restricted Shares for Employees	Retained Earnings		Other Equity			Total	Non-controlling Interests	Total Equity
									Legal Reserve	Unappropriated Earnings (Accumulated Deficits)	Foreign Currency Translation Reserve	Unrealized (Losses) Gains on Available-for-sale Financial Assets	Unearned Employees Benefits			
	Shares (In Thousands)	Common Shares														
BALANCE AT JANUARY 1, 2016	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
Offset of deficit against legal reserve	-	-	-	-	-	-	-	-	(69,422)	69,422	-	-	-	-	-	-
Offset of deficit against capital surplus	-	-	(1,168,674)	-	-	-	-	-	-	1,168,674	-	-	-	-	-	-
Issuance of common shares for cash	160,000	1,600,000	1,270,218	-	-	-	-	-	-	-	-	-	-	2,870,218	-	2,870,218
Reclassification of conversion option expired for convertible bonds	-	-	664,273	(507,846)	(156,427)	-	-	-	-	-	-	-	-	-	-	-
Cancellation of restricted shares for employees	(546)	(5,465)	-	-	-	-	-	(7,012)	-	-	-	-	12,477	-	-	-
Compensation costs of restricted shares for employees	-	-	-	-	-	-	-	-	-	-	-	-	19,515	19,515	-	19,515
Compensation costs of employee share options	-	-	39,048	-	-	-	-	-	-	-	-	-	-	39,048	394	39,442
Actual disposals or acquisitions of interests in subsidiaries	-	-	-	-	-	292	-	-	-	-	-	-	-	292	36,575	36,867
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	112,903	112,903
Net loss for the year ended December 31, 2016	-	-	-	-	-	-	-	-	-	(6,309,786)	-	-	-	(6,309,786)	(99,088)	(6,408,874)
Other comprehensive (loss) income for the year ended December 31, 2016, net of income tax	-	-	-	-	-	-	-	-	-	-	(330,445)	17,815	-	(312,630)	(33,709)	(346,339)
Total comprehensive (loss) income for the year ended December 31, 2016	-	-	-	-	-	-	-	-	-	(6,309,786)	(330,445)	17,815	-	(6,622,416)	(132,797)	(6,755,213)
BALANCE AT DECEMBER 31, 2016	1,017,615	10,176,152	12,209,652	-	-	14,023	3,022	118,649	-	(6,309,786)	(90,836)	(53,259)	(4,666)	16,062,951	616,631	16,679,582
Offset of deficit against capital surplus	-	-	(6,309,786)	-	-	-	-	-	-	6,309,786	-	-	-	-	-	-
Reclassification of issuance of share premium	-	-	120,462	-	-	-	(3,022)	(117,440)	-	-	-	-	-	-	-	-
Cancellation of restricted shares for employees	(214)	(2,138)	-	-	-	-	-	(1,627)	-	-	-	-	3,765	-	-	-
Issued restricted shares for employees	1,855	18,550	-	-	-	-	-	8,255	-	-	-	-	(26,805)	-	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	-	-	-	-	-	-	7,668	7,668	-	7,668
Compensation costs of employee share options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	46	46
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(33,019)	(33,019)
Actual disposals or acquisitions of interests in subsidiaries	-	-	-	-	-	(14,023)	-	-	-	(445,947)	(40,612)	-	-	(500,582)	(454,228)	(954,810)
Effect of reorganization	-	-	-	-	-	-	-	-	-	(11,391)	-	-	-	(11,391)	11,391	-
Acquired non-controlling interest fair value adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,267)	(14,267)
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	175,793	175,793
Net loss for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	(4,154,163)	-	-	-	(4,154,163)	(5,826)	(4,159,989)
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	-	-	-	-	-	(306,458)	(18,623)	-	(325,081)	(38,113)	(363,194)
Total comprehensive loss for the year ended December 31, 2017	-	-	-	-	-	-	-	-	-	(4,154,163)	(306,458)	(18,623)	-	(4,479,244)	(43,939)	(4,523,183)
BALANCE AT DECEMBER 31, 2017	1,019,256	\$ 10,192,564	\$ 6,020,328	\$ -	\$ -	\$ -	\$ -	\$ 7,837	\$ -	\$ (4,611,501)	\$ (437,906)	\$ (71,882)	\$ (20,038)	\$ 11,079,402	\$ 258,408	\$ 11,337,810

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

(With Deloitte & Touche auditors' report dated March 30, 2018).

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	\$ (4,130,726)	\$ (6,415,607)
Adjustments for:		
Depreciation	1,722,433	1,970,421
Impairment loss recognized on accounts receivable	78,222	250,479
Amortization	15,958	3,918
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	11,530	(190,786)
Gain on disposal of investments	(326,766)	(40,240)
Gain on disposal of power facilities business	-	(19,830)
(Reversal of) write-downs of inventories	(272,126)	252,198
Share of loss of associates and joint ventures	(1,488)	(10,754)
Impairment loss on financial assets	-	1,022,882
Unrealized (realized) gain from associates	26,678	(2,430)
Reclassifications from property, plant and equipment to expenses	7,313	7,928
Loss on disposal of property, plant and equipment	116,086	474,984
Impairment loss on property, plant and equipment	43,669	355,235
Impairment loss on intangible assets	-	512,440
(Gain) loss on disposal of non-current assets held for sale	(1,383)	8,023
Impairment loss on prepayments	487,678	586,114
Compensation costs of restricted shares for employees	7,668	19,515
Compensation costs of employee share options	46	39,442
Interest income	(401,454)	(190,405)
Dividends income	(4,415)	-
Finance costs	726,152	431,063
Reversal of provisions	(4,249)	(126,632)
Net gain on foreign exchange	(241,620)	(3,024)
	<u>1,989,932</u>	<u>5,350,541</u>
Changes in operating assets and liabilities		
Notes and accounts receivable	1,096,040	1,644,100
Accounts receivable from related parties	(79,326)	215,595
Other receivables	1,364,171	(50,850)
Other receivables from related parties	(407,038)	(253,845)
Amount due from customers for construction contracts	(64,295)	-
Inventory	253,424	(898,773)
Prepayments (including non-current)	162,216	(282,468)
Other current assets	(88,016)	(92,961)
Notes and accounts payable	(1,217)	(792,385)
Accounts payable to related parties	(11,489)	184,769
Amount due to customers for construction contracts	71,963	-
Bonuses payable to employees and directors	5,593	-
Accrued expenses	16,095	(12,619)
Deferred revenue	(33,613)	(24,412)
Receipts in advance	285,835	(43,531)
Other current liabilities	5,335	41,614
Provisions	40,062	47,248
Income taxes paid	(41,021)	(37,531)
	<u>433,925</u>	<u>(1,421,115)</u>
Net cash (used in) generated from operating activities		
	<u>433,925</u>	<u>(1,421,115)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of power facilities business	-	494,000
Proceeds of debt investments with no active market	146,453	-
Net cash inflow on disposal of associates and joint ventures	40,682	-
Acquisition of associates and joint ventures	(15,800)	(1,922,515)
Decrease in prepayments for investments	-	3,632
Net cash (outflow) inflow on acquisition of subsidiaries	(143,481)	18
Net cash inflow on disposal of subsidiaries	432,697	21,050

(Continued)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
Proceeds from sale of non-current assets held for sale	\$ 1,209,182	\$ 2,889
Acquisition of property, plant and equipment	(4,162,284)	(3,375,000)
Proceeds from disposal of property, plant and equipment	1,741	9,177
(Increase) decrease in restricted assets	(1,528,825)	409,223
(Increase) decrease in pledged time deposits	(166,856)	170,585
Decrease in pledged bank acceptances	-	50,744
Decrease in finance lease receivables	91,296	76,980
(Increase) decrease in other receivables from related parties - non-current	(80,826)	4,306
Financing provided to related parties	(1,282,890)	(140,454)
Repayments by related parties	916,350	13,734
Interest received	298,514	133,020
Dividends received	4,415	-
Increase in refundable deposits	(645,599)	(178,997)
Decrease in refundable deposits	222,418	71,970
Increase in other non-current assets	(22,125)	-
Decrease in other non-current assets	3,343	14,617
Net cash used in investing activities	<u>(4,681,595)</u>	<u>(4,141,021)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term bank loans	28,161,918	25,425,431
Decrease in short-term bank loans	(27,300,484)	(24,134,102)
Increase in short-term bills payable	705,400	300,000
Decrease in short-term bills payable	(348,300)	(100,000)
Proceeds from issue of bonds	-	3,693,667
Repayments of bonds payable	-	(3,805,600)
Proceeds from long-term bank loans	4,625,026	3,969,618
Repayments of long-term bank loans	(3,510,782)	(2,934,458)
Proceeds from issue of preference share liabilities	34,948	-
Repayments of preference share liabilities	(470,000)	-
Increase in guarantee deposits	73	40,413
Decrease in guarantee deposits	(91)	(1,206)
Proceeds from issuance of common shares for cash	-	2,870,218
Interest paid	(360,764)	(234,471)
(Decrease) increase in non-controlling interests	<u>(779,017)</u>	<u>36,867</u>
Net cash generated from financing activities	<u>757,927</u>	<u>5,126,377</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(86,766)</u>	<u>(55,857)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,576,509)	(491,616)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>8,007,136</u>	<u>8,498,752</u>
CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>\$ 4,430,627</u>	<u>\$ 8,007,136</u>

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

(With Deloitte & Touche auditors' report dated March 30, 2018)

(Concluded)

NEO SOLAR POWER CORP. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016 (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 (the ROC) 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 as well as participating in other solar-related businesses. Its common shares have been listed on the Taiwan Stock Exchange (TWSE) since January 2009. For the main business activities of NSP and its subsidiaries (collectively referred to as "the Corporation"), refer to Notes 16 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 NSP's board of directors on March 20, 2018.

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

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

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

- 1) Amendment to IAS 36 "Recoverable Amount Disclosures for Non-financial Assets"

The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. Furthermore, if the recoverable amount of an item of property, plant and equipment for which an impairment loss has been recognized or reversed is the fair value less costs of disposal, the Corporation is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using the present value technique. The amendment is applied retrospectively. Refer to Notes 15, 18 and 19 for related disclosures.

- 2) Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of the impairment of non-financial assets as a consequence of the IFRSs endorsed by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Corporation are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Corporation has significant transactions. If the transactions or balance with a specific related party is 10% or more of the Corporation's respective total transactions or balance, such transactions should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after a business combination and the expected benefit on the acquisition date.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions are enhanced. Refer to Note 39 for the related disclosures.

- b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by FSC for application starting from 2018

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018 (Note 3)
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
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 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendments to IAS 28 are retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 "Financial Instruments" and related amendments

Classification, measurement and impairment of financial assets

With regard 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. 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 gains or losses are 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 the 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 Corporation analyzed the facts and circumstances of its financial assets that exist at December 31, 2017 and performed a preliminary assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

- a) Listed shares and unlisted shares classified as available-for-sale will be classified as designated as at fair value through other comprehensive income and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Besides, unlisted shares measured at cost will be measured at fair value instead;
- b) Debt investments classified as debt investments with no active market and measured at amortized cost will be classified as measured at amortized cost under IFRS 9 because on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is to collect the contractual cash flows.

IFRS 9 requires impairment loss on financial assets to be recognized by using the "Expected Credit Loss Model". A credit loss allowance is required for financial assets measured at amortized cost, financial lease receivables and certain written loan commitments, IFRS 15 "Revenue from Contracts with Customers" and financial guarantee contracts. A loss allowance for the 12-month expected 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.

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.

The Corporation has performed a preliminary assessment that the Corporation will apply the simplified approach to recognize lifetime expected credit losses for trade receivables, contract assets and lease receivables. In relation to the debt instrument investments and the financial guarantee contracts, the Corporation will assess whether there has been a significant increase in the credit risk to determine whether to recognize 12-month or lifetime expected credit losses. In general, the Corporation anticipates that the application of the expected credit loss model of IFRS 9 will result in earlier recognition of credit losses for financial assets.

The Corporation elects not to restate prior reporting periods when applying the requirements for the classification, measurement and impairment of financial assets and financial liabilities under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets as of January 1, 2018 is set out below:

	Measurement Category		Carrying Amount		Note		
	IAS 39	IFRS 9	IAS 39	IFRS 9			
<u>Financial asset classification</u>							
Cash and cash equivalents, net accounts receivable (accounts receivable - related parties), pledged time deposits, restricted assets, refundable deposits and other receivables	Loans and receivables	Amortized cost	\$ 11,549,608	\$ 11,549,608	(1)		
Equity securities	Available for sale	FVTOCI	163,611	203,428	(2)		
Derivatives	Held for trading	Mandatorily at FVTPL	141,620	141,620			
Debt investments	Amortized cost	Amortized cost	149,240	149,240			
<u>Financial liabilities classification</u>							
Short-term loans, short-term bills payable, notes and accounts payable, accounts payable to related parties, payables to contractors and equipment suppliers, accrued expenses, long-term loans and bonds payable	Amortized cost	Amortized cost	20,581,872	20,581,872			
Derivatives	Held for trading	Mandatorily at FVTPL	99,756	99,756			
Financial Assets	Carrying Amount as of December 31, 2017 (IAS 39)	Reclassifications	Remeasurements	Carrying Amount as of January 1, 2018 (IFRS 9)	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Note
FVTOCI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
- Equity instruments	-	163,611	39,817	203,428	98,826	(59,009)	(2)
Add: From available for sale	-	163,611	39,817	203,428	98,826	(59,009)	
Amortized cost	-	-	-	-	-	-	
Add: From loans and receivables	-	11,549,608	-	11,549,608	-	-	(1)
	-	11,549,608	-	11,549,608	-	-	
Total	\$ -	\$ 11,713,219	\$ 39,817	\$ 11,753,036	\$ 98,826	\$ (59,009)	

- (1) Cash and cash equivalents net accounts receivable (accounts receivable - related parties), pledged time deposits, restricted assets, refundable deposits and other receivables were classified as loans and receivables under IAS 39 are now classified at amortized cost with assessment of future 12-month or lifetime expected credit loss under IFRS 9.
- (2) As equity investments that were previously classified as available-for-sale financial assets under IAS 39 are not held for trading, the Corporation elected to designate all of these investments as at FVTOCI under IFRS 9. As a result, the related other equity-unrealized gain/loss on available-for-sale financial assets of \$71,882 thousand is reclassified to increase other equity - unrealized gain/loss on financial assets at FVTOCI.

As equity investments previously measured at cost under IAS 39 are remeasured at fair value under IFRS 9, the adjustments would result in an increase in financial assets at FVTOCI of \$39,817 thousand, an increase in other equity-unrealized gain/loss on financial assets at FVTOCI of \$18,567 thousand and increase in retained earnings of \$21,250 thousand on January 1, 2018.

For those equity investments previously classified as available-for-sale financial assets (including measured at cost financial assets) under IAS 39, the impairment losses that the Corporation had recognized have been accumulated in retained earnings. Since these investments were designated as at FVTOCI under IFRS 9 and no impairment assessment is required, the adjustments would result in a decrease in other equity - unrealized gain/loss on financial assets at FVTOCI of \$149,458 thousand and an increase in retained earnings of \$77,576 thousand on January 1, 2018.

2) IFRS 15 “Revenue from Contracts with Customers” and the related amendment

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.

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

Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability. Currently, the net effect of the progress billings, cost incurred and recognized profit (loss) of a construction contract is recognized as amounts due from (to) customers for construction contracts under IAS 11.

The Corporation elects to retrospectively apply IFRS 15 to contracts that are not complete on January 1, 2018 and elects not to restate prior reporting periods with the cumulative effect of the initial application recognized at the date of initial application.

The anticipated impact on assets, liabilities and equity when retrospectively applying IFRS 15 on January 1, 2018 is detailed below:

	Carrying Amount as of December 31, 2017 (IAS 18 and Revenue-related Interpretations)	Adjustments Arising from Initial Application	Carrying Amount as of January 1, 2018 (IFRS 15)	Note
Amount due from customers for construction contracts	\$ 64,295	\$ (64,295)	\$ -	(2)
Contract assets - current	<u>-</u>	<u>64,295</u>	<u>64,295</u>	(2)
Total effect on assets	<u>\$ 64,295</u>	<u>\$ -</u>	<u>\$ 64,295</u>	
Provisions	\$ 1,609	\$ (1,609)	\$ -	(1)
Amount due to customers for construction contracts	71,963	(71,963)	-	(2)
Contract liabilities - current	-	71,963	71,963	(2)
Other current liabilities	<u>98,835</u>	<u>1,609</u>	<u>100,444</u>	(1)
Total effect on liabilities	<u>\$ 172,407</u>	<u>\$ -</u>	<u>\$ 172,407</u>	

- (1) Prior to the application of IFRS 15, the Corporation recognized the estimation of sales returns and allowances as provisions. Under IFRS 15, the Corporation recognizes such estimation as a refund liability (classified under accrued expenses and other current liabilities).
- (2) Currently, the net effect of the progress billings, cost incurred and recognized profit (loss) of a construction contract is recognized as amounts due from (to) customers for construction contracts under IAS 11. Under IFRS 15, the net effect of revenue recognized and consideration received and receivable is recognized as a contract asset or a contract liability.

Except for the above impacts, as of the date the consolidated financial statements were authorized for issue, the Corporation assess that the application of other standards and interpretations has no material impact on the Corporation's financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 16 "Leases"	January 1, 2019 (Note 3)
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019 (Note 4)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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 FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Corporation shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

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

The amendments stipulate that, when 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 over 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.

2) 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 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 leases 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 the interest expense accrued on the lease liability; interest is computed by using the 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 the interest portion are classified within financing activities.

The Corporation should assess on the date of the contract whether the contract belongs to (or includes) the lease on the accounting of the Corporation as lessor. If the contract transfers the identified asset in exchange for a consideration, it belongs to (or includes) the lease.

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.

3) IFRIC 23 “Uncertainty Over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Corporation should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Corporation concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Corporation should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an uncertain tax treatment, the Corporation should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Corporation has to reassess its judgments and estimates if facts and circumstances change.

On initial application, the Corporation shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

4) Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”

The amendments clarified that IFRS 9 shall be applied to account for other financial instruments in an associate or joint venture to which the equity method is not applied. These included long-term interests that, in substance, form part of the entity’s net investment in an associate or joint venture.

When the amendments become effective, the Corporation shall apply the amendments retrospectively. However, the Corporation may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

5) Amendments to IFRS 9 “Prepayment Features with Negative Compensation”

IFRS 9 stipulated that if a contractual term of a financial asset permits the issuer (i.e. the debtor) to prepay a debt instrument or permits the holder (i.e. the creditor) to put a debt instrument back to the issuer before maturity and the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable compensation for early termination, the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. The amendments further explained that reasonable compensation may be paid or received by either of the parties, i.e. a party may receive reasonable compensation when it chooses to terminate the contract early.

When the amendments become effective, the Corporation shall apply the amendments retrospectively. However, the Corporation may elect to recognize the cumulative effect of the initial application of the amendments in the opening carrying amount at the date of initial application, or to restate prior periods if, and only if, it is possible without the use of hindsight.

6) Annual Improvements to IFRSs 2015-2017 Cycle

Several standards, including IFRS 3, IFRS 11, IAS 12 and IAS 23 “Borrowing Costs”, were amended in this annual improvement. IAS 23 was amended to clarify that, if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The amendment shall be applied prospectively.

Except for the above impact, as of the date the consolidated 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 consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value.

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of NSP and the entities controlled by NSP (i.e. its subsidiaries, including structured entities).

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by 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 non-controlling interests even if this results in the non-controlling 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 non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of 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 non-controlling 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 16 and Table 8 following the Notes for the detailed information of subsidiaries, including the percentage of ownership and the main business of the subsidiaries.

e. Business combinations

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

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

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

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

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

f. Foreign currencies

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

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

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

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

For purposes of presenting consolidated financial statements, the assets and liabilities of the Corporation's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use a currency different from the currency of the Corporation) 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 non-controlling interests as appropriate.

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

In relation to a partial disposal of a subsidiary that does not result in the 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, finished goods and construction in progress. Inventory 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. A 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.

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

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

When the 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 the investment is 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 the 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 they are completed and ready for their intended use.

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

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

j. Goodwill

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

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

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

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

k. Intangible assets

1) Intangible assets acquired in a business combination

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

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

2) Derecognition of intangible assets

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

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 CGUs on a reasonable and consistent basis of allocation.

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

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

m. Non-current assets held for sale

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

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

n. Financial instruments

Financial assets and financial liabilities are recognized when the 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 as 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 their 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 38.

ii. Available-for-sale financial assets

Available-for-sale (AFS) financial assets are non-derivatives 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 gains (losses) 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 gains (losses) 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 the carrying amount and the 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 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 AFS 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 AFS 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 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 uncollectable, 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 uncollectable 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.

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 38.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The 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 non-convertible 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.

The conversion options component of the convertible bonds issued by the Corporation in 2016 that will be settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Corporation's own equity instruments is classified as derivative financial liabilities.

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

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

5) Derivative financial instruments

The 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 non-derivative 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. Allowance for sales returns and allowance and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

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 the materials' ownership.

2) Revenue from the sale of power facilities construction

The revenue from the sale of power facilities is recognized in accordance with IAS 18 "Revenue".

3) Rendering of services

Service income is recognized when services are provided.

4) Construction contracts

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, measured based on the proportion of contract costs incurred to date relative to the estimated total contract costs. Variations in contract work and claims and incentive payments are included to the extent the amount can be measured reliably and its receipt is considered probable.

When it is probable that total contract costs will exceed the total contract revenue, the expected loss is recognized as an expense immediately.

When contract costs incurred to date plus recognized profits less recognized deficits exceed progress billings, the surplus is shown as the gross amount due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognized profits less recognized deficits, the surplus is shown as the gross amount due to customers for contract work. Amounts received before the related work is performed are included in the consolidated balance sheet as a liability under other current liabilities. Amounts billed for work performed but not yet paid by the customer are included in the consolidated balance sheet under trade receivables.

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 IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, they were accounted for as finance leases.

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.

r. Borrowing costs

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

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

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

s. Government grants

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

t. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

1) Employee share options and restricted shares for employees

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

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

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

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

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

v. Taxation

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

1) Current tax

Based on the Income Tax Law, an additional tax at 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.

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

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

In the application of the 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 CGU to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the CGU 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, income and expenses that may occur in the future, assets' useful lives, and independent cash flows for the particular asset group are based on subjective judgment in accordance with the asset's usage patterns and the industrial characteristics. Any change in the economic condition or in the estimation due to the Corporation's strategy may lead to a material impairment loss in the future.

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 the NSP's equipment 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 beginning from April 1, 2013.

f. Write-down of inventories

The net realizable value of inventories 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 the net realizable value was based on current market conditions and historical experience with selling products of a similar nature. Changes in market conditions may have a material impact on the estimation of the 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. For further disclosures of finance lease receivables, refer to Note 12.

h. Assessment of impairment losses on prepayments of long-term purchase contract

To ensure the stability of the supply of raw materials in the manufacturing process, the Corporation entered into several long-term materials supply agreements and made certain prepayments for later purchase deductions.

The purchase prices were negotiated between the parties of the contracts, and the purchase quantities of materials depend on the provisions of the contracts in addition to the operations of the supplier. The Corporation assesses if the prepayment is impaired, when the deduction of prepayments slow down. If the operations and financial positions of suppliers deteriorate and they cannot provide a stable supply, if adverse changes in the supply and demand of the market cause the actual purchase volume to be insufficient, and if the raw material prices decline, this may indicate an impairment of the prepayments.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	2016
Demand deposits	\$ 3,960,746	\$ 5,831,466
Checking accounts	96,059	75,844
Cash on hand	1,135	907
Cash equivalents		
Bank acceptances	10,932	21,561
Time deposits	<u>361,755</u>	<u>2,077,358</u>
	<u>\$ 4,430,627</u>	<u>\$ 8,007,136</u>

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

	December 31	
	2017	2016
Bank deposits	0%-1.82%	0%-0.66%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2017	2016
<u>Financial assets at FVTPL - current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	<u>\$ 106</u>	<u>\$ 11,889</u>
<u>Financial assets at FVTPL - non-current</u>		
Financial assets held for trading		
Derivative financial assets (not under hedge accounting)		
Put options (b)	\$ 23,647	\$ -
Long call options (c)	<u>117,840</u>	<u>-</u>
	<u>\$ 141,514</u>	<u>\$ -</u>

(Continued)

	December 31	
	2017	2016
<u>Financial liabilities at FVTPL- current</u>		
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (a)	\$ 5,742	\$ 1,525
Redemption and conversion options (Note 23)	<u>-</u>	<u>387</u>
	<u>\$ 5,742</u>	<u>\$ 1,912</u>

Financial liabilities at FVTPL- non-current

Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Short put options (d)	<u>\$ 94,014</u>	<u>\$ -</u> (Concluded)

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

	Currency	Maturity Date	Contract Amount (In Thousands)
<u>December 31, 2017</u>			
Buy	Buy USD/Sell NTD	January 29, 2018	USD 6,000/NTD 178,620
Buy	Buy USD/Sell NTD	January 29, 2018	USD 4,000/NTD 119,080
Buy	Buy USD/Sell NTD	March 1, 2018	USD 5,000/NTD 148,775
Buy	Buy USD/Sell NTD	March 14, 2018	USD 5,000/NTD 149,200
Sell	Sell GBP/Buy USD	February 21, 2018	GBP 5,000/USD 6,710
Sell	Sell GBP/Buy USD	February 22, 2018	GBP 4,000/USD 5,372
Sell	Sell EUR/Buy USD	February 27, 2018	EUR 3,000/USD 3,574
Sell	Sell EUR/Buy USD	February 27, 2018	EUR 3,000/USD 3,575
Sell	Sell GBP/Buy USD	February 28, 2018	GBP 2,000/USD 2,684
Buy	Sell GBP/Buy USD	February 27, 2018	GBP 3,000/USD 4,046

December 31, 2016

Buy	Buy USD/Sell NTD	January 5, 2017	USD 4,000/NTD 127,560
Buy	Buy USD/Sell NTD	January 9, 2017	USD 5,000/NTD 159,950
Buy	Buy USD/Sell NTD	January 6, 2017	USD 3,000/NTD 95,175
Buy	Buy USD/Sell NTD	January 6, 2017	USD 3,000/NTD 95,160
Buy	Buy USD/Sell NTD	January 6, 2017	USD 4,400/NTD 139,436
Buy	Buy USD/Sell NTD	January 9, 2017	USD 2,500/NTD 79,550
Sell	Sell EUR/Buy USD	February 8, 2017	EUR 2,779/USD 3,000
Sell	Sell EUR/Buy USD	January 13, 2017	EUR 4,000/USD 4,233
Sell	Sell EUR/Buy USD	January 13, 2017	EUR 4,000/USD 4,233
Buy	Sell GBP/Buy USD	January 26, 2017	GBP 6,000/USD 7,323

The Corporation entered into derivative transactions during 2017 and 2016 to manage exposures of assets and liabilities denominated in foreign currency related to exchange rate changes.

b. Put options

NSP entered into equity purchase agreements with Clean Focus Yield Limited (“CFY”) with the right of redemption, in which NSP may require CFY to redeem all of its shares with certain conditions, and NSP’s board of directors approved to waive the right of put options on March 20, 2018.

c. Long call options

As stated in Note 22 (d), GES MEGASIXTEEN, LLC (“MEGASIXTEEN”) was set up for the purpose of tax deductions, and MEGASIXTEEN expects to have a higher of fair value or 5.5% return of the investment from MPC AC 2017 Energy Fund, LLC (“MPC”) from the flip date (December 2022). The agreement is subject to non-controlling equity interests should MPC purchase the rights to buy back all of the Class A shares issued by GES AC SOLAR 2017, LLC (“GES AC”).

d. Short put options

As stated in Note 22 (c), MEGASIXTEEN's borrower, Indiana Municipal Power Agency (“IMPA”), has agreed that it will execute the right to buy back all of the equity (Class A and B shares) of GES AC from the flip date.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2017	2016
<u>Non-current</u>		
Domestic quoted shares		
ThinTech Materials Technology Co., Ltd. (“TTMC”)	<u>\$ 109,065</u>	<u>\$ 127,688</u>

As of December 31, 2017 and 2016, the carrying amount of the Corporation’s investment in TTMC’s private-placement shares amounted to \$103,250 thousand and \$121,029 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.

Except that which is stated above, the AFS financial assets have not been pledged as security or for other purposes.

9. FINANCIAL ASSETS CARRIED AT COST

	December 31	
	2017	2016
<u>Non-current</u>		
Domestic unlisted common shares		
EXOJET Technology Corporation (“EXOJET”)	\$ 30,100	\$ 30,100
Overseas unlisted common shares		
SUN APPENNINO CORPORATION	22,590	22,590
FICUS CAPITAL CORPORATION	1,259	1,259
TG ENERGY SOLUTIONS LLC	<u>597</u>	<u>646</u>
	<u>\$ 54,546</u>	<u>\$ 54,595</u>

(Continued)

	December 31	
	2017	2016
Classified according to financial asset measurement categories		
Available-for-sale financial assets	<u>\$ 54,546</u>	<u>\$ 54,595</u> (Concluded)

Management believed that the above unlisted equity investments held by the Corporation had fair values that could not be reliably measured because the range of reasonable fair value estimates was significant; thus, these investments were measured at cost less impairment at the end of the reporting period.

The financial assets carried at cost have not been pledged as security or for other purposes.

10. DEBT INVESTMENTS WITH NO ACTIVE MARKET

	December 31	
	2017	2016
Puttable preference shares (C-Share II) - Phanes Holding Inc. (Phanes Holding)	\$ -	\$ 145,256
Puttable preference shares (C-Shares III) - Phanes Holding Inc. (Phanes Holding)	<u>149,240</u>	<u>161,395</u>
	149,240	306,651
Less: Current portion	<u>-</u>	<u>(145,256)</u>
	<u>\$ 149,240</u>	<u>\$ 161,395</u>

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

- 1) two-year puttable preference shares (C-Shares II) for 4,500 shares amounting to US\$4,500 thousand for 100% interest
- 2) Five-year puttable preference shares (C-Shares III) for 24,000 shares amounting to US\$5,000 thousand for 100% interest

The above preference shares carried no voting rights and no dividend rights but carried preferential rights on dividends specified at 7% of the par value. The preference shares can be redeemed prior to or later than the maturity date under the agreement between GES and Phanes. The above current portion has been classified as a current asset. The aforesaid preference shares (C-Shares II) was redeemed in October 2017.

There was no significant addition, deduction, impairment or reversal in GES's debt investments with no active market for the year ended of December 31, 2016. For the year ended of December 31, 2017 and 2016, the interest income of puttable preference shares amounted to \$19,090 thousand and \$22,480 thousand, respectively; interest receivable amounted to \$10,790 thousand and \$22,230 thousand, respectively, and was classified as other receivables from related parties.

Both debt investments, both with no active market, had not been pledged as security as of December 31, 2017 and 2016.

The registration of the puttable preference shares was completed in August 2016.

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

	December 31	
	2017	2016
<u>Notes and accounts receivable</u>		
Notes and accounts receivable	\$ 1,916,351	\$ 3,127,189
Accounts receivable from related parties	170,506	101,322
Less: Allowance for impairment loss	<u>(616,275)</u>	<u>(545,710)</u>
	<u>\$ 1,470,582</u>	<u>\$ 2,682,801</u>
<u>Other receivables</u>		
Other receivables from related parties	\$ 1,960,590	\$ 936,810
Sales tax refund receivable	8,908	53,520
Others	90,718	64,185
Less: Allowance for impairment loss	<u>-</u>	<u>(159)</u>
	<u>\$ 2,060,216</u>	<u>\$ 1,054,356</u>

a. Notes and accounts receivable

The credit periods for the sale of goods were (a) 30 to 60 days after the end of the month; (b) 30 to 120 days from the invoice date; and (c) 30 to 90 days for letters of credit, and the average credit periods for power facilities construction were 180 to 360 days. No interest was charged on account receivables. For overdue account receivables, interest was charged on the basis of management's judgment. In determining the recoverability of account receivables, the Corporation considered any change in the credit quality of the account receivables since the date credit was initially granted to the end of the reporting period. Allowance for impairment loss was recognized on the basis of the irrecoverable amounts estimated through aging analyses, reference to past default of the counterparties and an assessment of the counterparties' current financial positions.

For the account receivables 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, 2017 and 2016, the amounts of collateral or other credit enhancements for these receivables were \$10,950 thousand and \$120,415 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	
	2017	2016
Up to 60 days	\$ 1,465,637	\$ 2,483,904
61-90 days	-	109,323
91-120 days	-	43,228
More than 120 days	<u>621,220</u>	<u>592,056</u>
Total	<u>\$ 2,086,857</u>	<u>\$ 3,228,511</u>

The above analysis was based on the past-due date as of the invoice date.

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

	December 31	
	2017	2016
Up to 60 days	\$ 104,075	\$ 232,544
61-90 days	-	98,142
91-120 days	-	14,745
More than 120 days	<u>4,946</u>	<u>106,472</u>
Total	<u>\$ 109,021</u>	<u>\$ 451,903</u>

The 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, 2016	\$ 321,652	\$ -	\$ 321,652
Add: Impairment loss recognized on receivables	250,320	-	250,320
Translation adjustments	<u>(26,262)</u>	<u>-</u>	<u>(26,262)</u>
Balance at December 31, 2016	<u>\$ 545,710</u>	<u>\$ -</u>	<u>\$ 545,710</u>
Balance at January 1, 2017	\$ 545,710	\$ -	\$ 545,710
Add: Impairment loss recognized on receivables	78,222	-	78,222
Less: Amount transferred from disposal of subsidiaries	(2,126)	-	(2,126)
Less: Amount written off during the year	(102)	-	(102)
Translation adjustments	<u>(5,429)</u>	<u>-</u>	<u>(5,429)</u>
Balance at December 31, 2017	<u>\$ 616,275</u>	<u>\$ -</u>	<u>\$ 616,275</u>

The allowance for impairment loss included individually impaired account receivables amounting to \$616,275 thousand and \$545,710 thousand as of December 31, 2017 and 2016, 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 account 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	
	2017	2016
Other receivables from related parties	\$ 1,960,590	\$ 936,810
Other receivables	99,626	117,705
Allowance for impairment loss	-	(159)
Other receivables, net	<u>\$ 2,060,216</u>	<u>\$ 1,054,356</u>

Installment accounts receivable from TS Solartech Sdn. Bhd., due to the disposal of machinery, were not recoverable after assessment, so the Corporation reclaimed those pieces of equipment in accordance with the contract. In 2016, the equipment were assessed to have carrying amounts exceeding their fair values; thus the assessment led to the recognition of an impairment loss of \$1,022,882 thousand.

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

The status of other receivables at the end of the reporting period is presented in the following table.

	December 31	
	2017	2016
Neither past due nor impaired	\$ 1,976,109	\$ 457,473
Past due but not impaired - 61 days to 90 days	89	4,540
Past due but not impaired - 91 days to 120 days	61	5,045
Past due but not impaired - more than 120 days	83,957	587,298
Both past due and impaired - more than 120 days	-	159
Total	<u>\$ 2,060,216</u>	<u>\$ 1,054,515</u>

The above analysis is based on the past-due date as of the invoice date.

			December 31	
	Collateral	Interest Rate	2017	2016
Fixed rate USD-denominated loan receivables at USD12,000 thousand (1)	-	5%	\$ 358,176	\$ -

1) The principal is expected to be received in full on the maturity date.

12. FINANCE LEASE RECEIVABLES

	December 31	
	2017	2016
<u>Gross investment in leases</u>		
Not later than one year	\$ 564,638	\$ 191,194
Over one year to five years	1,997,752	724,059
Later than five years	<u>6,193,761</u>	<u>1,718,796</u>
	8,756,151	2,634,049
Less: Unearned finance income	<u>(4,762,362)</u>	<u>(895,015)</u>
Present value of minimum lease payments	<u>\$ 3,993,789</u>	<u>\$ 1,739,034</u>

The Corporation entered into several electricity purchase agreements (refer to Note 41) for the Corporation to sell all electricity to Corporación Dominicana de Empresas Eléctricas Estatales, Taiwan Power Company, Tokyo Electric Power Company, Inc., Good Energy Limited, Indianapolis Power & Light Company and DP world FZE, etc. after the electric generating facilities are operating with distribution system. The average term of finance leases entered into was 15 to 25 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 1.234%-14.279% per annum.

For the year ended December 31, 2016, the Corporation sold part of its power facilities resulting in a disposal gain of \$19,830 thousand.

The amounts of finance lease receivables pledged as collateral for bank loans are shown in Note 40.

The finance lease receivables as of December 31, 2017 and 2016 were neither past due nor impaired.

13. AMOUNTS DUE FROM (TO) CUSTOMERS FOR CONSTRUCTION CONTRACTS

	December 31	
	2017	2016
<u>Amounts due from customers for construction contracts</u>		
Construction costs incurred plus recognized profits less recognized losses to date	\$ 465,894	\$ 54
Less: Progress billings	<u>(401,599)</u>	<u>(54)</u>
Amounts due from customers for construction contracts	<u>\$ 64,295</u>	<u>\$ -</u>
<u>Amounts due to customers for construction contracts</u>		
Progress billings	\$ 211,861	\$ -
Less: Construction costs incurred plus recognized profits less recognized losses to date	<u>(139,898)</u>	<u>-</u>
Amounts due to customers for construction contracts	<u>\$ 71,963</u>	<u>\$ -</u>

For the year ended December 31, 2017 and 2016, the Corporation recognized construction revenue of \$605,792 thousand and \$54 thousand, respectively.

14. INVENTORIES

	December 31	
	2017	2016
Finished goods and goods	\$ 899,821	\$ 1,631,012
Work in progress	81,688	99,309
Raw materials	461,919	576,764
Power facilities construction in progress	<u>1,529,163</u>	<u>2,576,272</u>
	<u>\$ 2,972,591</u>	<u>\$ 4,883,357</u>

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

Allowances for inventories losses were \$220,834 thousand and \$529,031 thousand as of December 31, 2017 and 2016, respectively.

In 2017, the cost of sales related to inventories was \$12,204,604 thousand, which included (1) unallocated fixed manufacturing overhead of \$795,159 thousand; (2) income of \$7,276 thousand from the sale of scraps; (3) losses on purchase contracts of \$1,063,138 thousand; and (4) reversal of inventories write-downs of \$307,015 thousand; (5) loss of \$34,889 thousand from the disposal of obsolete inventories.

In 2016, the cost of sales related to inventories was \$18,451,928 thousand, which included (1) unallocated fixed manufacturing overhead of \$870,203 thousand; (2) income of \$18,736 thousand from the sale of scraps; (3) losses on purchase contracts of \$245,006 thousand; and (4) recognized for losses on inventories amounting to \$231,319 thousand; (5) loss of \$20,879 thousand from the disposal of obsolete inventories.

Refer to Note 40 for the carrying amount of inventories pledged by the Corporation to secure borrowings.

15. NON-CURRENT ASSETS HELD FOR SALE

	December 31	
	2017	2016
Power facilities	\$ 143,090	\$ 39,881
Machinery and equipment	134,006	-
Office equipment	9	-
Miscellaneous equipment	<u>3,673</u>	<u>-</u>
	<u>\$ 280,778</u>	<u>\$ 39,881</u>

In the fourth quarter of 2017 and 2016, NSP intended to dispose of a parcel of power facilities and reclassified such assets to non-current assets classified as held for sale. The Corporation assessed that there were no indications of impairment because their recoverable amount was estimated to be higher than their carrying amount. No impairment loss was recognized on classification of the land as held for sale for the year ended December 31, 2017 and 2016. The disposal will be completed in the year 2018.

On November 10, 2015, NSP's board of directors approved the disposal of a parcel of assets to TS Solartech Sdn Bhd. by installment payment. The first disposal had been completed on November 27, 2015; the second parcel of machinery and equipment was intended for transfer out before November 2016. However, installment accounts receivable from TS Solartech Sdn. Bhd., due to the disposal of machinery, were not recoverable after assessment, so the Corporation reclaimed those pieces of equipment in accordance with the contract, and that disposal group held for sale was reclassified to property, plant and equipment. NSP intended to dispose of the above equipment and reclassified such assets to non-current assets classified as held for sale in fourth quarter 2017. NSP assessed that there were indications of impairment because their recoverable amounts measured at fair value on a non-recurring basis of \$137,688 thousand were estimated to be less than their carrying amounts, and thus, an impairment loss of \$31,593 thousand was recognized, and the disposal was completed in the first quarter of 2018.

On May 9, 2017, NSP's board of directors approved the disposal of the building in Zhunan and its auxiliary equipment and reclassified such assets to non-current assets classified as held for sale in the second quarter of 2017. NSP signed the disposal contract on July 11, 2017, and the Corporation assessed that there were no indications of impairment because the selling price was higher than the carrying amount; the disposal was completed in the third quarter of 2017.

In the first quarter of 2017, NSP intended to dispose of a parcel of machinery and equipment and reclassified such assets to non-current assets classified as held for sale. The Corporation assessed that there were indications of impairment because their recoverable amount measured at fair value on a non-recurring basis of \$45,097 thousand was estimated to be less than their carrying amount; and thus, an impairment loss of \$12,076 thousand was recognized for the three months ended March 31, 2017, and the disposal was completed in the second quarter of 2017.

16. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2017	2016	
NSP	General Energy Solutions Inc. ("GES")	Electronic component manufacturing and selling	100.00	75.89	10
	Prime Energy Corp. ("Prime Energy")	Electronic component manufacturing and selling	100.00	100.00	-
	V5 Technology Ltd. ("V5 Technology")	Electronic component manufacturing and selling	41.43	60.85	9
	New Ray Investment Corp. ("New Ray Investment")	Investment company	100.00	100.00	-
	DelSolar Holding Singapore Pte. Ltd. ("DelSolar Singapore")	Investment company	100.00	100.00	-
	DelSolar Holding (Cayman) Ltd. ("DelSolar Cayman")	Investment company	100.00	100.00	-
	NSP Systems (BVI) Ltd. ("NSP BVI")	Investment company	100.00	100.00	-
	NSP UK Holding Limited ("NSP UK")	Investment company	100.00	100.00	-
	Best Power Service Corp. ("BPS")	Solar-related business	60.00	60.00	-
	NSP System Development Corp. ("NSP System")	Investment company	100.00	100.00	-
	New Castle Investment Corp. ("New Castle")	Investment company	-	55.00	3
GES	GES Energy Middle East FZE ("GES ME")	Solar-related business	100.00	-	8
	Yong Liang Ltd. ("Yong Liang")	Solar-related business	100.00	100.00	-
	Yong Han Ltd. ("Yong Han")	Solar-related business	100.00	100.00	-
	Yong Zhou Ltd. ("Yong Zhou")	Solar-related business	100.00	100.00	-
	Yun Yeh Energy INC. ("Yun Yeh")	Solar-related business	100.00	100.00	-
	Ever Lite Power Inc. ("Ever Lite")	Electronic component manufacturing and selling	100.00	100.00	-
	Yong Yao Ltd. ("Yong Yao")	Solar-related business	100.00	-	-
	Yong Shun Ltd. ("Yong Shun")	Solar-related business	100.00	-	-
	Abacus Renewable One Japan Ltd. ("Abacus")	Solar-related business	-	100.00	2
	General Energy Solutions UK Limited ("GES UK")	Investment company	100.00	100.00	-
	GES Energy Middle East FZE ("GES ME")	Solar-related business	-	100.00	8
	ELECTRONIC J.R.C. S.R.L ("JRC")	Solar-related business	1.00	1.00	4

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2017	2016	
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	-	-	3
	GES JAPAN CORPORATION (“GES JAPAN”)	Investment company	100.00	100.00	-
	NCH Solar 1 Limited (“NCH Solar 1”)	Solar-related business	100.00	100.00	-
	GES Solar 2 Limited (“GES Solar 2”)	Solar-related business	100.00	100.00	-
	GES Solar 3 Limited (“GES Solar 3”)	Solar-related business	100.00	100.00	-
	GES Solar 4 Limited (“GES Solar 4”)	Solar-related business	-	-	3
	GES Solar 5 Limited (“GES Solar 5”)	Solar-related business	-	-	3
	GES Solar 6 Limited (“GES Solar 6”)	Solar-related business	-	-	3
	GES Solar 7 Limited (“GES Solar 7”)	Solar-related business	-	-	3
GES USA	GES Solar 8 Limited (“GES Solar 8”)	Solar-related business	-	-	3
	General Energy Solutions CANADA Inc. (“GES CANADA”)	Investment company	100.00	100.00	-
	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	-
	MEGATWO, LLC (“MEGATWO”)	Solar-related business	100.00	-	4
	GES MEGAFIVE, LLC (“MEGAFIVE”)	Solar-related business	100.00	-	-
	GES MEGASIX, LLC (“MEGASIX”)	Solar-related business	-	-	1
	GES MEGASEVEN, LLC (“MEGASEVEN”)	Solar-related business	55.00	-	7
	GES MEGAEIGHT, LLC (“MEGAEIGHT”)	Solar-related business	100.00	100.00	-
	GES MEGAELEVEN, LLC (“MEGAELEVEN”)	Solar-related business	55.00	-	7
	GES MEGATWELVE, LLC (“MEGATWELVE”)	Solar-related business	100.00	-	-
	GES MEGATHIRTEEN, LLC (“MEGATHIRTEEN”)	Solar-related business	-	-	1
	GES MEGAFOURTEEN, LLC (“MEGAFOURTEEN”)	Solar-related business	-	55.00	2 and 7
	GES MEGAFIFTEEN, LLC (“MEGAFIFTEEN”)	Solar-related business	55.00	55.00	7
	GES MEGASIXTEEN, LLC (“MEGASIXTEEN”)	Solar-related business	-	-	1 and 12
	GES MEGANINETEEN, LLC (“MEGANINETEEN”)	Solar-related business	100.00	-	-
	GES MEGATWENTY, LLC (“MEGATWENTY”)	Solar-related business	100.00	-	-
	GES ASSET ONE, LLC. (“ASSET ONE”)	Solar-related business	100.00	100.00	-
	GES ASSET TWO, LLC. (“ASSET TWO”)	Solar-related business	-	-	1
	GES ASSET THREE LLC (“ASSET THREE”)	Solar-related business	100.00	-	-
	GES ASSET FOUR LLC (“ASSET FOUR”)	Solar-related business	-	-	1
	CENERGY PORTFOLIO LLC (“CENERGY”)	Solar-related business	-	-	1
	SH4 SOLAR LLC (“SH4”)	Solar-related business	100.00	100.00	-
	Cedar Falls Solar Farm, LLC (“CEDAR FALLS”)	Solar-related business	100.00	100.00	-
	Schenectady Solar, LLC (“Schenectady”)	Solar-related business	-	-	1
	Village of Cocksackie Municipal Solar Project One, LLC (“VOC”)	Solar-related business	-	-	1
	Heywood Solar PGS, LLC (“HEYWOOD”)	Solar-related business	55.00	-	7
	SEG MI 57 LLC (“SEG”)	Solar-related business	-	-	1
	Kinect Solar Fund 1, LLC (“KINECT”)	Solar-related business	100.00	-	-
	RER CT 57, LLC (“RER CT 57”)	Solar-related business	100.00	-	-
	MP Solar, LLC (“MP Solar”)	Solar-related business	55.00	-	7
	Ventura Solar LLC (“Ventura”)	Solar-related business	55.00	-	7
GES JAPAN	GES FUKUSHIMA CORPORATION (“GES FUKUSHIMA”)	Solar-related business	-	100.00	2
	GES KYUSHU CORPORATION (“GES KYUSHU”)	Solar-related business	100.00	45.00	11
GES CANADA MEGATWO ASSET THREE	Hashimoto Corporation (“Hashimoto”)	Solar-related business	100.00	45.00	11
	ELECTRONIC J.R.C., S.R.L (“JRC”)	Solar-related business	99.00	99.00	4
	Munisol S.A.P.I. de C.V. (“MUNISOL”)	Solar-related business	100.00	-	4
	GES Asset Three Shima’s, LLC (“SHIMA’S”)	Solar-related business	-	-	1
	GES Asset Three Waimea, LLC (“WAIMEA”)	Solar-related business	100.00	-	-
	GES Asset Three Honokawai, LLC (“HONOKAWAI”)	Solar-related business	-	-	1
	GES Asset Three Eleele, LLC (“ELEELE”)	Solar-related business	100.00	-	-
	GES Asset Three Hanalei, LLC (“HANALEI”)	Solar-related business	100.00	-	-
	GES Asset Three Kapaa, LLC (“KAPAA”)	Solar-related business	100.00	-	-
	GES Asset Three Koloa, LLC (“KOLOA”)	Solar-related business	100.00	-	-

(Continued)

Investor	Investee	Main Business	% of Ownership December 31		Remark
			2017	2016	
CENERGY	Smart Farm Inashiki Godo Kaisha ("Inashiki GK")	Solar-related business	-	-	3
	Smart Farm Namegata Godo Kaisha ("Namegata GK")	Solar-related business	-	-	3
MEGASIXTEEN GES AC	GES AC SOLAR 2017, LLC ("GES AC")	Solar-related business	67.59	-	12
	Anderson North Solar Project LLC ("Anderson N.")	Solar-related business	100.00	-	12
	Anderson South Solar Project LLC ("Anderson S.")	Solar-related business	100.00	-	12
	Flora Solar Project LLC ("Flora")	Solar-related business	100.00	-	12
	Greenfield Solar Project LLC ("Greenfield")	Solar-related business	100.00	-	12
	Spiceland Solar Project LLC ("Spiceland")	Solar-related business	100.00	-	12
NSP BVI	NSP HK Holding Ltd. ("NSP HK")	Solar-related business	-	-	1
	Clean Focus GP Limited ("CFGP")	Solar operation management services	60.00	60.00	6
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	100.00	-	-
DelSolar Singapore	DelSolar India EPC Company Private Ltd. ("DelSolar India")	Solar-related business	100.00	100.00	-
	Neo Solar Power Malaysia Sdn. Bhd ("NSP Malaysia")	Technical management services	100.00	100.00	-
	Neo Solar Power Vietnam Co., Ltd ("NSP Vietnam")	Technical management services	100.00	-	-
NSP UK	NSP Germany GmbH ("NSP Germany")	Solar-related business	90.00	90.00	-
	PV-Power-Park Pro1 Verwaltings GmbH ("PV-Power-Park")	Solar-related business	100.00	100.00	5
	NSP Indygen UK Ltd. ("NSP Indygen")	Solar-related business	-	-	1
NSP System	Hsin Jin Optoelectronics ("Hsin Jin Optoelectronics")	Solar-related business	80.00	80.00	-
	Si One Corp. ("Si One")	Solar-related business	-	-	2
	Hsin Jin Solar Energy Co., Ltd. ("Hsin Jin Solar Energy")	Solar-related business	60.00	60.00	-
	Da Li Energy Co., Ltd. ("Da Li Energy")	Solar-related business	-	-	2
	Si Two Corp. ("Si Two")	Solar-related business	100.00	-	-
NSP HK	XYH (Suzhou) Energy Ltd. ("XYH Suzhou")	Solar-related business	100.00	100.00	4
CFGP	Clean Focus GP (HK) Limited. ("CFGP (HK)")	Solar operation management services	100.00	100.00	-
DelSolar HK	DelSolar (Wu Jiang) Ltd. ("DelSolar Wu Jiang")	Solar-related business	100.00	100.00	-
	NSP Japan Inc. ("NSP Japan")	Solar-related business	100.00	100.00	-
	Neo Solar Power (Nanchang) Ltd. ("NSP Nanchang")	Solar-related business	11.36	11.36	4
NSP NEVADA	Livermore Community Solar Farm, LLC ("Livermore")	Solar-related business	75.00	75.00	-
	HI Solar Green 1 LLC	Solar-related business	-	100.00	2
	HI Solar Green 2 LLC	Solar-related business	-	100.00	2
	HI Solar Green 3 LLC	Solar-related business	-	100.00	2
	HI Solar Green 4 LLC	Solar-related business	-	100.00	2
	HI Solar Green 5 LLC	Solar-related business	-	100.00	2
	HI Solar Green 6 LLC	Solar-related business	-	100.00	2
	HI Solar Green 7 LLC	Solar-related business	-	100.00	2
	HI Solar Green 8 LLC	Solar-related business	-	100.00	2
	HI Solar Green 9 LLC	Solar-related business	-	100.00	2
	HI Solar Green 10 LLC	Solar-related business	-	100.00	2
	GES MEGASEVEN, LLC ("MEGASEVEN")	Solar-related business	45.00	-	7
	GES MEGAELEVEN, LLC ("MEGAELEVEN")	Solar-related business	45.00	-	7
	GES MEGAFOURTEEN, LLC ("MEGAFOURTEEN")	Solar-related business	-	45.00	2 and 7
	GES MEGAFIFTEEN, LLC ("MEGAFIFTEEN")	Solar-related business	45.00	45.00	7
	Heywood Solar PGS, LLC ("HEYWOOD")	Solar-related business	45.00	-	7
	Industrial Park Drive Solar, LLC ("Industrial Park")	Solar-related business	100.00	100.00	-
	Hillsboro Town Solar, LLC ("Hillsboro")	Solar-related business	100.00	100.00	-
	MP Solar, LLC ("MP Solar")	Solar-related business	45.00	-	7
	Ventura Solar, LLC ("Ventura")	Solar-related business	45.00	-	7
DelSolar US	DelSolar Development (Delaware) LLC ("DelSolar Development")	Solar-related business	100.00	100.00	-
	Clean Focus Renewables Inc. ("CFR")	Solar-related business	100.00	100.00	-
	USD1 Owner LLC ("USD1")	Solar-related business	100.00	100.00	-
	Beryl Construction LLC ("Beryl")	Solar-related business	100.00	-	7
	CF Vegas Holdings LLC ("CF Vegas")	Solar-related business	-	-	2

(Continued)

Investor	Investee	Main Business	% of Ownership		Remark
			December 31		
			2017	2016	
NSP Indygen	UKEG POTTERS BAR LIMITED (“POTTERS BAR”)	Solar-related business	-	-	1
	UKEG CLAY CROSS LIMITED (“CLAY CROSS”)	Solar-related business	-	-	1
	UKEG BELPER LIMITED (“BELPER”)	Solar-related business	-	-	1
	GDL Bryncrynnau Ltd. (“Bryncrynnau”)	Solar-related business	-	-	1
	GDL Upper Meadowley Ltd. (“Meadowley”)	Solar-related business	-	-	1
CFGP (HK)	Clean Focus GP (Shanghai) Limited. (“CFGP (Shanghai)”)	Solar operation management services	100.00	100.00	-
DelSolar Wu Jiang	XYH (Suzhou) Energy Ltd. (“XYH Suzhou”)	Solar-related business	-	-	4
	Neo Solar Power (Nanchang) Ltd. (“NSP Nanchang”)	Solar-related business	88.64	88.64	4
DelSolar Development	DSS-USF PHX LLC	Solar-related business	100.00	100.00	-
	DSS-RAL LLC	Solar-related business	100.00	100.00	-
CFR	Rugged Solar LLC	Solar-related business	100.00	100.00	1
(Concluded)					

(Concluded)

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

Note 2: HI Solar Green 1 LLC, HI Solar Green 2 LLC, HI Solar Green 3 LLC, HI Solar Green 4 LLC, HI Solar Green 5 LLC, HI Solar Green 6 LLC, HI Solar Green 7 LLC, HI Solar Green 8 LLC, HI Solar Green 9 LLC and HI Solar Green 10 LLC were all disposed of in January 2017. Abacus was disposed in June 2017. GES FUKUSHIMA was disposed in July 2017. MEGAFOURTEEN was disposed in November 2017. Da Li Energy directly became a 100%-owned subsidiary of the Corporation in May 2016 and was disposed of in December 2016. Si One and CF Vegas were disposed of in December 2016 and February 2016, respectively.

Note 3: The liquidations of GES Solar 4, GES Solar 5, GES Solar 6, GES Solar 7 and GES Solar 8 were completed in May 2016. The liquidation of GES PH was completed in August 2016. The liquidations of Inashiki GK and Namegata GK were completed in April 2017. The liquidation of New Castle was completed in December 2017.

Note 4: Ownership of MUNISOL was transferred from GES USA to MEGATWO in June 2016; ownership of XYH Suzhou was transferred from DelSolar Wu Jiang to NSP HK in June 2016; ownership of JRC was transferred from 100% ownership by GES CANADA to 99% ownership by GES CANADA and 1% ownership by GES in August 2016; ownership of NSP Nanchang was transferred from 100% ownership by DelSolar HK to 25% ownership by DelSolar HK and 75% ownership by DelSolar Wu Jiang in July 2016. DelSolar Wu Jiang increased its investment in NSP Nanchang in October 2016, and ownership of NSP Nanchang was transferred to 11.36% ownership by DelSolar HK and 88.64% ownership by DelSolar Wu Jiang.

Note 5: UNA 249 Equity Management GmbH (UNA 249), a subsidiary of NSP UK, was renamed as PV-Power-Park Pro 1 Verwaltungs GmbH (PV-Power-Park) in May 2016.

Note 6: NSP BVI turned into a 60%-owned subsidiary of CFGP in November 2016.

Note 7: Ownership of MEGAFOURTEEN and MEGAFIFTEEN were 55% ownership by GES USA and 45% ownership by NSP NEVADA in November 2016, respectively. Ownership of MEGASEVEN, MEGAELEVEN and HEYWOOD were 55% ownership by GES USA and 45% ownership by NSP NEVADA in February 2017, respectively. Ownership of MP Solar and Ventura were 55% ownership by GES USA and 45% ownership by NSP NEVADA in October 2017, respectively. Ownership of Beryl was 100% ownership by DelSolar US in March 2017.

Note 8: Ownership of GES ME was transferred from GES to NSP in June 2017.

Note 9: NSP did not acquire any shares issued for cash of V5 Technology in August 2017, and NSP's equity interests in V5 Technology decreased from 60.85% to 41.43%, and control of V5 Technology passed to the acquirer on that date.

Note 10: NSP considers the development of the solar energy industry and the growth of the future requirement in its investment strategy. In order to expand the solar energy industry and strengthen the operating ability, on October 16, 2017, NSP's board of directors approved to increase the investment in GES by 46,104,764 ordinary shares of GES by public tender offer (approximately 24.11% of the total issued ordinary shares of GES), and GES became 100%-owned subsidiary of the Corporation. As of November 6, 2017, the acquisition date, NSP acquired 43,090,282 shares and obtained a total of 3,014,482 shares from other shareholders in November and December 2017.

Note 11: GES JAPAN acquired 55% ownership of GES KYUSHU and Hashimoto; thus, GES KYUSHU and Hashimoto became 100%-owned subsidiaries in October 2017.

Note 12: MEGASIXTEEN was established for taxation purposes based on an agreement. MEGASIXTEEN established GES AC with MPC, and acquired 67.59% of the shares of GES AC in December 2017. Through GES AC, MEGASIXTEEN owned 5 Power Facilities LLC under GES AC.

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		
		2017	2016	
GES	Hsin-Chu	-	24.11	
GES AC	America	32.41	-	
CFGP	British Virgin Islands	40.00	40	
Name of Subsidiary	(Loss) Gain Allocated to Non-controlling Interests For the Year Ended December 31		Accumulated Non-controlling Interests	
	December 31		December 31	
	2017	2016	2017	2016
GES (Without non-controlling interests of subsidiaries)	\$ 19,978	\$ (76,720)	\$ -	\$ 453,697
GES AC	-	-	175,793	-
CFGP	(26,756)	(833)	62,661	110,432
Others	<u>952</u>	<u>(21,535)</u>	<u>19,954</u>	<u>52,502</u>
Total	<u>\$ (5,826)</u>	<u>\$ (99,088)</u>	<u>\$ 258,408</u>	<u>\$ 616,631</u>

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

	December 31	
	2017	2016
<u>GES and GES's subsidiaries</u>		
Current assets	\$ 946,606	\$ 4,118,205
Non-current assets	6,732,726	4,360,932
Current liabilities	(4,244,955)	(5,544,464)
Non-current liabilities	<u>(1,230,492)</u>	<u>(874,922)</u>
Equity	<u>\$ 2,203,885</u>	<u>\$ 2,059,751</u>
Equity attributable to:		
Owners of GES	\$ 1,832,774	\$ 1,474,916
Non-controlling interests of GES	-	453,697
Non-controlling interests of GES's subsidiaries	<u>382,111</u>	<u>131,138</u>
	<u>\$ 2,203,885</u>	<u>\$ 2,059,751</u>
For the Year Ended December 31		
	2017	2016
Revenue	<u>\$ 521,594</u>	<u>\$ 664,608</u>
Income (loss) for the year	\$ 38,262	\$ (321,571)
Other comprehensive loss for the year	<u>(161,308)</u>	<u>(139,845)</u>
Total comprehensive loss for the year	<u>\$ (123,046)</u>	<u>\$ (461,416)</u>
Profit (loss) attributable to:		
Owners of GES	\$ 21,038	\$ (244,851)
Non-controlling interests of GES	19,978	(76,720)
Non-controlling interests of GES's subsidiaries	<u>(2,754)</u>	<u>-</u>
	<u>\$ 38,262</u>	<u>\$ (321,571)</u>
Total comprehensive loss attributable to:		
Owners of GES	\$ (108,990)	\$ (350,979)
Non-controlling interests of GES	(11,302)	(110,437)
Non-controlling interests of GES's subsidiaries	<u>(2,754)</u>	<u>-</u>
	<u>\$ (123,046)</u>	<u>\$ (461,416)</u>
Net cash inflow (outflow) from:		
Operating activities	\$ 1,309,371	\$ 153,883
Investing activities	(2,637,541)	(1,311,753)
Financing activities	932,438	831,183
Effects of exchange rate changes	<u>(7,913)</u>	<u>(5,921)</u>
Net cash outflow	<u>\$ (403,645)</u>	<u>\$ (332,608)</u>

	December 31	
	2017	2016
<u>GES AC</u>		
Current assets	\$ 24	\$ -
Non-current assets	1,097,869	-
Current liabilities	(829,270)	-
Non-current liabilities	<u>(49,656)</u>	<u>-</u>
Equity	<u>\$ 218,967</u>	<u>\$ -</u>
Equity attributable to:		
Owners of GES AC	\$ 43,174	\$ -
Non-controlling interests of GES AC	<u>175,793</u>	<u>-</u>
	<u>\$ 218,967</u>	<u>\$ -</u>
<u>CFGP and CFGP's subsidiaries</u>		
Current assets	\$ 35,318	\$ 95,395
Non-current assets	153,429	211,312
Current liabilities	<u>(1,639)</u>	<u>(758)</u>
Equity	<u>\$ 187,108</u>	<u>\$ 305,949</u>
Equity attributable to:		
Owners of CFGP	\$ 124,447	\$ 195,517
Non-controlling interests of CFGP	<u>62,661</u>	<u>110,432</u>
	<u>\$ 187,108</u>	<u>\$ 305,949</u>
	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ -</u>	<u>\$ -</u>
Loss for the year	\$ (66,889)	\$ (2,082)
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>\$ (66,889)</u>	<u>\$ (2,082)</u>
Loss attributable to:		
Owners of CFGP	\$ (40,133)	\$ (1,249)
Non-controlling interests of CFGP	<u>(26,756)</u>	<u>(833)</u>
	<u>\$ (66,889)</u>	<u>\$ (2,082)</u>
Total comprehensive loss attributable to:		
Owners of CFGP	\$ (40,133)	\$ (1,249)
Non-controlling interests of CFGP	<u>(26,756)</u>	<u>(833)</u>
	<u>\$ (66,889)</u>	<u>\$ (2,082)</u>
		(Continued)

	For the Year Ended December 31	
	2017	2016
Net cash (outflow) inflow from:		
Operating activities	\$ 32,960	\$ (128,274)
Financing activities	-	128,954
Effects of exchange rate changes	<u>33</u>	<u>11</u>
Net cash inflow	<u>\$ 32,993</u>	<u>\$ 691</u>
		(Concluded)

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2017	2016
Investments in associates	\$ 1,822,981	\$ 1,931,154
Investments in joint ventures	<u>64,792</u>	<u>98,605</u>
	<u>\$ 1,887,773</u>	<u>\$ 2,029,759</u>

a. Investments in associates

	December 31	
	2017	2016
Material associates		
Clean Focus Yield Limited ("CFY")	\$ 1,130,375	\$ 1,263,430
Neo Cathay Power Corp. ("Neo Cathay")	<u>578,238</u>	<u>598,835</u>
	<u>1,708,613</u>	<u>1,862,265</u>
Associates that are not individually material		
V5 Technology	72,402	-
MEGATHREE	32,650	37,845
JNV SOLAR POWER CO., LTD. ("JSP")	9,316	-
GES KYUSHU	<u>-</u>	<u>31,044</u>
	<u>114,368</u>	<u>68,889</u>
	<u>\$ 1,822,981</u>	<u>\$ 1,931,154</u>

1) Material associates

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

	December 31	
Name of Company	2017	2016
CFY	26.99%	28.75%
Neo Cathay	40.00%	40.00%

In November 2016, the Corporation subscribed for 10,672 thousand shares of CFY for cash of US\$39,000 thousand; after the subscription, the Corporation's percentage of ownership in CFY was 28.75% and the Corporation was able to exercise significant influence over CFY. The Corporation's percentage of ownership in CFY decreased to 26.99% because the capital was receivable by CFY continuously in 2017.

In October 2016, the Corporation subscribed for 60,000 thousand shares of Neo Cathay for cash of \$600,000 thousand; after the subscription, the Corporation's percentage of ownership in Neo Cathay was 40% and the Corporation was able to exercise significant influence over Neo Cathay.

Summarized financial information in respect of each of the Corporation's material associates is set out below. The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS adjusted by the Corporation for equity accounting purposes.

CFY

	December 31	
	2017	2016
Current assets	\$ 3,421,244	\$ 1,551,890
Non-current assets	9,936,667	1,698,135
Current liabilities	(2,600,813)	(108,553)
Non-current liabilities	<u>(5,418,742)</u>	<u>(829,679)</u>
Equity	5,338,356	2,311,793
Non-controlling interest	(2,514,794)	-
Unrecognized changes in equity of profit and loss and non-other comprehensive income	<u>(18,159)</u>	<u>-</u>
	<u>\$ 2,805,403</u>	<u>\$ 2,311,793</u>
Proportion of the Corporation's ownership	26.99%	28.75%
Equity attributable to the Corporation	\$ 757,178	\$ 664,640
Unrealized gain with associates	(4,588)	-
Goodwill	370,712	602,292
Other adjustments	<u>7,073</u>	<u>(3,502)</u>
Investment carrying value	<u>\$ 1,130,375</u>	<u>\$ 1,263,430</u>
	For the Year Ended December 31	
	2017	2016
Revenue	\$ 417,826	\$ 189,064
Profit from operations	\$ 417,826	\$ 122,674
Net profit for the period	\$ 94,486	\$ 166,261
Other comprehensive loss	\$ (1,745)	\$ -
Total comprehensive income for the period	<u>\$ 92,741</u>	<u>\$ 166,261</u>

Neo Cathay

	December 31	
	2017	2016
Current assets	\$ 681,238	\$ 1,473,903
Non-current assets	817,097	25,661
Current liabilities	<u>(400)</u>	<u>(2,475)</u>
Equity	<u>\$ 1,497,935</u>	<u>\$ 1,497,089</u>
Proportion of the Corporation's ownership	40.00%	40.00%
Equity attributable to the Corporation	\$ 599,173	\$ 598,835
Unrealized gain with associates	<u>(20,935)</u>	<u>-</u>
Investment carrying value	<u>\$ 578,238</u>	<u>\$ 598,835</u>
	For the Year Ended December 31	
	2017	2016
Revenue	<u>\$ -</u>	<u>\$ -</u>
Loss from operations	<u>\$ -</u>	<u>\$ (2,847)</u>
Net profit (loss) for the period	<u>\$ 846</u>	<u>\$ (2,911)</u>
Other comprehensive loss	<u>\$ -</u>	<u>\$ -</u>
Total comprehensive income (loss) for the period	<u>\$ 846</u>	<u>\$ (2,911)</u>

A valuation report of CFY received in fourth quarter of 2017, the Corporation adjusted the initial accounting and tentative amount estimated at the acquisition date according to the valuation report.

2) Aggregate information of joint ventures that are not individually material

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

	December 31	
Name of Company	2017	2016
V5 Technology	41.43%	-
MEGATHREE	40.00%	40.00%
JSP	35.00%	-
GES KYUSHU	-	45.00%
Hashimoto	-	45.00%

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

	2017	2016
The Corporation's share of:		
Net (loss) income for the year	\$ (18,306)	\$ 11,363
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive (loss) income for the year	<u>\$ (18,306)</u>	<u>\$ 11,363</u>

A valuation report of V5 Technology was received in the fourth quarter of 2017, the Corporation adjusted the initial accounting and tentative amount estimated at the acquisition date according to the valuation report.

GES KYUSHU and Hashimoto became 100%-owned subsidiaries of the Corporation when acquired in October 2017.

b. Investments in joint ventures

	December 31	
	2017	2016
Joint ventures that are not individually material		
NSP ET CAP MN HOLDINGS LLC (“JV2”)	\$ 61,202	\$ 64,563
CF MN DevCo One LLC (“DevCo One”)	1,795	25,511
CF MN DevCo Two LLC (“DevCo Two”)	<u>1,795</u>	<u>8,531</u>
	<u>\$ 64,792</u>	<u>\$ 98,605</u>

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

	December 31	
Name of Company	2017	2016
JV2 (Note 1)	67.00%	67.00%
DevCo One (Note 2)	40.00%	40.00%
DevCo Two (Note 2)	40.00%	40.00%

Note 1: NSP ET CAP MN HOLDINGS LLC (JV2) jointly invested in DelSolar US, a subsidiary of NSP, and ET Capital Solar Partners (USA), Inc. on December 28, 2015. As of December 31, 2017, the Corporation held a 67% equity interest in JV2 and two of three seats of JV2’s board of directors. Based on the contractual arrangement between DelSolar US and ET Capital Solar Partners (USA), Inc., any material management decisions of JV2 shall be approved by the full board of directors. Therefore, DelSolar US concluded that it does not have control over JV2. In addition, as specified in the contractual arrangement, both DelSolar US and ET Capital Solar Partners (USA), Inc. have an equal percentage of profit distribution.

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

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

	2017	2016
The Corporation’s share of:		
Net income for the year	\$ 9,163	\$ 28,641
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 9,163</u>	<u>\$ 28,641</u>

The information of the main business, principal operating place and registry country of the above associates and joint ventures is shown in Table 8 “Information of investees”.

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

The investments in the associates and joint ventures was not been pledged as collateral for bank loans.

18. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2017	2016
<u>Carrying amounts</u>		
Land	\$ 460,731	\$ 534,450
Buildings	1,774,910	3,115,250
Machinery and equipment	4,758,939	5,407,170
Research and development equipment	9,503	22,194
Office equipment	4,095	9,703
Rental assets	69,138	96,400
Leasehold improvements	10,597	5,297
Miscellaneous equipment	52,765	82,264
Advance payments and construction in progress	4,022,221	2,824,476
	<u>\$ 11,162,899</u>	<u>\$ 12,097,204</u>

	Year Ended December 31, 2016					
	Balance, Beginning of Year	Additions	Deductions	Reclassification	Translation Adjustments	Balance, End of Year
<u>Cost</u>						
Land	\$ 533,870	\$ -	\$ -	\$ -	\$ 580	\$ 534,450
Buildings	4,325,661	-	-	2,009	-	4,327,670
Machinery and equipment	16,755,496	48,006	(740,532)	(378,539)	(219,145)	15,465,286
Research and development equipment	57,745	-	-	5,990	-	63,735
Office equipment	77,215	2,573	(18,205)	(421)	(1,768)	59,394
Rental assets	185,681	-	-	-	(5,273)	180,408
Leasehold improvements	342,090	767	(301,733)	1,362	(26,831)	15,655
Miscellaneous equipment	385,477	2,991	(12,767)	(19,696)	(4,653)	351,352
Advance payments and construction in progress	876,073	2,921,566	(533,217)	(386,549)	(53,397)	2,824,476
	<u>23,539,308</u>	<u>\$ 2,975,903</u>	<u>\$ (1,606,454)</u>	<u>\$ (775,844)</u>	<u>\$ (310,487)</u>	<u>23,822,426</u>
<u>Accumulated depreciation</u>						
Buildings	980,158	\$ 232,906	\$ -	\$ (644)	\$ -	1,212,420
Machinery and equipment	8,989,057	1,631,958	(457,489)	(479,685)	(106,602)	9,577,239
Research and development equipment	29,533	12,008	-	-	-	41,541
Office equipment	55,330	11,387	(15,336)	(70)	(1,620)	49,691
Rental assets	65,568	20,838	-	-	(2,398)	84,008
Leasehold improvements	99,473	21,857	(96,138)	1,362	(16,196)	10,358
Miscellaneous equipment	255,696	39,467	(9,434)	(14,622)	(2,910)	268,197
	<u>10,474,815</u>	<u>\$ 1,970,421</u>	<u>\$ (578,397)</u>	<u>\$ (493,659)</u>	<u>\$ (129,726)</u>	<u>11,243,454</u>
<u>Accumulated impairment</u>						
Machinery and equipment	140,139	\$ 354,344	\$ (13,325)	\$ -	\$ (281)	480,877
Miscellaneous equipment	-	891	-	-	-	891
	<u>140,139</u>	<u>\$ 355,235</u>	<u>\$ (13,325)</u>	<u>\$ -</u>	<u>\$ (281)</u>	<u>481,768</u>
	<u>\$ 12,924,354</u>					<u>\$ 12,097,204</u>

Year Ended December 31, 2017							
	Balance, Beginning of Period	Acquired from Business Combinations	Additions	Deduction	Reclassification	Translation Adjustments	Balance, End of Period
<u>Cost</u>							
Land	\$ 534,450	\$ -	\$ -	\$ (92,559)	\$ 20,514	\$ (1,674)	\$ 460,731
Buildings	4,327,670	-	-	(99,820)	(1,468,862)	-	2,758,988
Machinery and equipment	15,465,286	-	102,466	(166,791)	718,610	(19,467)	16,100,104
Research and development equipment	63,735	-	167	(1,083)	38	-	62,857
Office equipment	59,394	-	78	(18,912)	(11,182)	(466)	28,912
Rental assets	180,408	-	-	-	-	(16,290)	164,118
Leasehold improvements	15,655	-	1,619	-	3,607	22	20,903
Miscellaneous equipment	351,352	-	2,444	(20,417)	(491)	(353)	332,535
Property under acceptance or construction	2,824,476	674,595	3,876,206	(3,861,093)	653,525	(145,488)	4,022,221
	<u>23,822,426</u>	<u>\$ 674,595</u>	<u>\$ 3,982,980</u>	<u>\$ (4,260,675)</u>	<u>\$ (84,241)</u>	<u>\$ (183,716)</u>	<u>23,951,369</u>
<u>Accumulated depreciation</u>							
Buildings	1,212,420	\$ -	\$ 184,167	\$ (27,757)	\$ (384,752)	\$ -	984,078
Machinery and equipment	9,577,239	-	1,462,225	(68,309)	(88,770)	1,682	10,884,067
Research and development equipment	41,541	-	12,768	(955)	-	-	53,354
Office equipment	49,691	-	4,371	(18,893)	(9,967)	(385)	24,817
Rental assets	84,008	-	20,377	-	-	(9,405)	94,980
Leasehold improvement	10,358	-	1,508	-	(1,565)	5	10,306
Miscellaneous equipment	268,197	-	37,017	(17,416)	(8,028)	-	279,770
	<u>11,243,454</u>	<u>\$ -</u>	<u>\$ 1,722,433</u>	<u>\$ (133,330)</u>	<u>\$ (493,082)</u>	<u>\$ (8,103)</u>	<u>12,331,372</u>
<u>Accumulated impairment</u>							
Machinery and equipment	480,877	\$ -	\$ 42,639	\$ (17,952)	\$ (48,466)	\$ -	457,098
Miscellaneous equipment	891	-	1,030	-	(1,921)	-	-
	<u>481,768</u>	<u>\$ -</u>	<u>\$ 43,669</u>	<u>\$ (17,952)</u>	<u>\$ (50,387)</u>	<u>\$ -</u>	<u>457,098</u>
	<u>\$ 12,097,204</u>						<u>\$ 11,162,899</u>

The Corporation assessed that there was indication of impairment on machinery and equipment, and the recoverable amount \$4,638,696 thousand of machinery and equipment is estimated to be less than its carrying amount; thus the Corporation recognized impairment losses on machinery and equipment of \$355,235 thousand as of December 31, 2016. The Corporation measured the recoverable amount of machinery, with costs to sell based on market information. The discount rate used to calculate the value-in use is 6.01%. The impairment loss has been recorded under statements of comprehensive income - other income and expenses.

For the impairment loss recognized and related disclosures in 2017, refer to Note 15.

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, which are depreciated over their estimated useful lives of 15 to 21 years.

Refer to Note 40 for the carrying amount of property, plant and equipment pledged by the Corporation to secure borrowings.

For the year ended December 31, 2017, the deductions were amounts transferred to finance lease receivables of \$3,762,665 thousand, purchase discount and adjustment to cost of property, plant and equipment of \$41,442 thousand, disposal of property, plant and equipment of \$117,827 thousand, and amount transferred from disposal of subsidiaries \$187,479 thousand.

For the year ended December 31, 2016, the deductions were amounts transferred to finance lease receivables of \$480,441 thousand, disposal of property, plant and equipment of \$482,542 thousand, and amount transferred from disposal of subsidiaries \$51,749 thousand.

For the year ended December 31, 2017, there were reclassifications from power facility construction in progress of \$1,844,413 thousand to property under acceptance or construction, from power facility construction in progress of \$20,514 thousand to land; from property under acceptance or construction of \$7,313 thousand to other expenses and from building, machinery, equipment and miscellaneous equipment of \$1,398,386 thousand to non-current assets classified as held for sale.

For the year ended December 31, 2016, there were reclassifications from prepayments to advance payments and construction in progress for equipment of \$261,586 thousand; from advance payments and construction in progress to other expenses of \$7,928 thousand; from buildings, machinery and office and miscellaneous equipment to non-current assets classified as held for sale of \$729,253 thousand; and from equipment to machinery and office and miscellaneous equipment with a recoverable amount of \$193,410 thousand, regarding the Corporation's reclaimed previously disposed of equipment based on the unrecoverable installment accounts receivable from TS Solartech Sdn. Bhd. in accordance with the contract.

19. INTANGIBLE ASSETS

	December 31	
	2017	2016
<u>Carrying amounts of each class</u>		
Contracts with consultants	\$ 141,805	\$ 166,140
Contracts with customers	106,455	87,501
Goodwill	11,622	46,064
Brands	-	13,158
Patents	-	429
Others	<u>1,468</u>	<u>1,587</u>
	<u>\$ 261,350</u>	<u>\$ 314,879</u>

	For the Year Ended December 31, 2017						
	Contracts with Consultants	Goodwill	Contracts with Customers	Brands	Patents	Others	Total
Cost							
Balance at January 1	\$ 166,140	\$ 46,064	\$ 87,501	\$ 133,790	\$ 596	\$ 1,587	\$ 435,597
Acquired from business combinations	-	-	109,415	-	-	-	109,415
Acquired fair value adjustment	-	32,601	-	-	-	-	(32,601)
Disposal of subsidiaries	-	(893)	(82,504)	(89,408)	(596)	-	(173,401)
Translation adjustments	<u>(12,512)</u>	<u>(948)</u>	<u>(7,511)</u>	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>(21,090)</u>
Balance at December 31	<u>(153,628)</u>	<u>11,622</u>	<u>106,901</u>	<u>44,301</u>	<u>-</u>	<u>1,468</u>	<u>317,920</u>
Accumulated amortization							
Balance at January 1	-	-	-	102,551	167	-	120,718
Amortization	12,045	-	1,498	2,386	29	-	15,958
Disposal of subsidiaries	-	-	(1,031)	(78,636)	(196)	-	(79,863)
Translation adjustments	<u>(222)</u>	<u>-</u>	<u>(21)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(243)</u>
Balance at December 31	<u>11,823</u>	<u>-</u>	<u>446</u>	<u>44,301</u>	<u>-</u>	<u>-</u>	<u>56,570</u>
	<u>\$ 141,805</u>	<u>\$ 11,622</u>	<u>\$ 106,455</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,468</u>	<u>\$ 261,350</u>

For the Year Ended December 31, 2016							
	Contracts with Consultants	Goodwill	Contracts with Customers	Brands	Patents	Others	Total
Cost							
Balance at January 1	\$ -	\$ 513,332	\$ 89,634	\$ 133,709	\$ 596	\$ -	\$ 737,271
Additions	-	-	-	-	-	1,638	1,638
Acquired from business combinations	166,140	45,171	-	-	-	-	211,311
Loss of impairment	-	(512,440)	-	-	-	-	(514,440)
Translation adjustments	-	1	(2,133)	-	-	(51)	(2,183)
Balance at December 31	<u>166,140</u>	<u>46,064</u>	<u>87,501</u>	<u>133,709</u>	<u>596</u>	<u>1,587</u>	<u>435,597</u>
Accumulated amortization							
Balance at January 1	-	-	-	116,699	101	-	116,800
Amortization	-	-	-	3,852	66	-	3,918
Translation adjustments	-	-	-	-	-	-	-
Balance at December 31	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,551</u>	<u>167</u>	<u>-</u>	<u>120,718</u>
	<u>\$ 166,140</u>	<u>\$ 46,064</u>	<u>\$ 87,501</u>	<u>\$ 13,158</u>	<u>\$ 429</u>	<u>\$ 1,587</u>	<u>\$ 314,879</u>

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

Contracts with customers were long-term electricity purchase agreements that the Corporation entered into with local power companies and with expected 20-year revenue generation from sale of electricity. It was disposed in second quarter of 2017.

NSP did not acquire any shares issued for cash of V5 Technology in August 2017, and NSP's equity interests in V5 Technology decreased from 60.85% to 41.43%, and control of V5 Technology passed to the acquirer on that date, and the related goodwill, brands and patents were transferred to the acquirer.

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

A valuation report received in 2017 indicated that the fair value of non-controlling interest of CFGP and fair value of identifiable net assets acquired is \$146,321 thousand. The Corporation adjusted the initial accounting and tentative amount estimated at the acquisition date.

Related adjustment was as follows:

	Valuation Report Date	Acquisition Date
Fair value of the acquirer's previously held equity interest	<u>\$ 49,323</u>	<u>\$ 67,657</u>
Fair value of non-controlling interests	<u>\$ 96,998</u>	<u>\$ 111,265</u>
Goodwill	<u>\$ 12,570</u>	<u>\$ 45,171</u>
Gain on disposal of investment	<u>\$ 18,458</u>	<u>\$ 35,731</u>

In accessing the recoverable amounts of the cash-generating unit of \$9,841,800 thousand, which is lower than carrying amount, the Corporation recognized an impairment loss of \$512,440 thousand in 2016. Making less profit from products is a major factor that leads to impairment loss.

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

20. PREPAYMENTS FOR LEASES

	December 31	
	2017	2016
Current assets	\$ 12,117	\$ 912
Non-current assets	<u>19,700</u>	<u>22,165</u>
	<u>\$ 31,817</u>	<u>\$ 23,077</u>

Prepayments for leases, which mainly included land use rights paid for power facilities construction in the U.S., were amortized on a straight-line basis over 30 years. As of December 31, 2017 and 2016, such land use rights amounted to \$19,700 thousand and \$22,165 thousand, respectively. The Corporation had obtained the certificates of land use rights.

21. PREPAYMENTS AND OTHER ASSETS

	December 31	
	2017	2016
<u>Prepayments</u>		
Payments in advance	\$ 828,595	\$ 1,351,572
Prepayments for equipment	246,895	165,715
Others	<u>139,857</u>	<u>270,892</u>
	<u>\$ 1,215,347</u>	<u>\$ 1,788,179</u>
<u>Other assets</u>		
Restricted assets	\$ 2,386,553	\$ 863,486
Prepaid sales tax	253,364	223,558
Pledged time deposits	209,277	42,421
Others	<u>171,224</u>	<u>74,223</u>
	<u>\$ 3,020,418</u>	<u>\$ 1,203,688</u>
<u>Prepayments</u>		
Current	\$ 205,275	\$ 404,262
Non-current	<u>1,010,072</u>	<u>1,383,917</u>
	<u>\$ 1,215,347</u>	<u>\$ 1,788,179</u>
<u>Other assets</u>		
Current	\$ 1,079,956	\$ 349,795
Non-current	<u>1,940,462</u>	<u>853,893</u>
	<u>\$ 3,020,418</u>	<u>\$ 1,203,688</u>

As of December 31, 2017, restricted assets consisting of deposit reserve accounts amounted to \$2,386,553 thousand.

As of December 31, 2016, restricted assets consisting of deposit reserve accounts amounted to \$838,372 thousand, deposits for foreign exchange forward contracts amounted to \$1,614 thousand, and certificates of deposit bought for issuing preference dividends amounted to \$23,500 thousand.

The Corporation recognized impairment loss on prepayments after assessment; for further disclosures, refer to Note 41.

22. LOANS

a. Short-term borrowings

	December 31	
	2017	2016
<u>Secured borrowings (Note 40)</u>		
Bank loans	\$ 180,528	\$ 303,922
Non-financial loans	<u>83,592</u>	<u>-</u>
	264,120	303,922
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>7,965,195</u>	<u>7,237,629</u>
	<u>\$ 8,229,315</u>	<u>\$ 7,541,551</u>

- 1) The range of weighted average effective interest rates on bank loans was 0.8000%-6.0000% and 0.6000%-5.0000% per annum as of December 31 2017 and 2016, respectively.
- 2) The secured non-financial loans were the refundable deposits that were pledged as collateral for loans to Robina Finance & Leasing Corp. The borrowing rate was 3.7500% as of December 31, 2017.

b. Short-term bills payable

	December 31	
	2017	2016
Commercial papers	\$ 607,100	\$ 250,000
Less: Unamortized discount on bills payable	<u>(704)</u>	<u>(161)</u>
	<u>\$ 606,396</u>	<u>\$ 249,839</u>

Outstanding short-term bills payable were as follows:

December 31, 2017

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
<u>Commercial papers</u>				
International Bills Finance Corporation	\$ 307,100	\$ 254	\$ 306,846	0.600%
International Bills Finance Corporation	50,000	4	49,996	2.290%
Taiwan Cooperative Bills Finance Corporation	200,000	415	199,585	0.972%
Taiwan Cooperative Bills Finance Corporation	50,000	31	49,969	2.200%

December 31, 2016

Promissory Institutions	Nominal Amount	Discount Amount	Carrying Value	Interest Rate
<u>Commercial papers</u>				
International Bills Finance Corporation	\$ 50,000	\$ 37	\$ 49,963	1.906%
Taiwan Cooperative Bills Finance Corporation	200,000	124	199,876	0.942%

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

c. Long-term bank loans

	<u>December 31</u>	
	<u>2017</u>	<u>2016</u>
Syndicated loans: Lead bank - Taiwan Cooperative Bank		
Repayable semiannually from the date of the first repayment, one year after the date of the initial drawdown, from November 5, 2015 to November 5, 2018; if a two-year extension is agreed to, the principal of the last period will be equally amortized within two years and repayable every 4.8 months, with an annual floating interest rates at 2.4816%-2.4833% in 2017 and 2.4789%-2.6418% in 2016.	\$ 1,400,000	\$ 1,800,000
Repayable semiannually from the date of the first repayment, 24 months after the date of the initial drawdown, from November 5, 2015 to November 5, 2018; repayment of 20% for the first two periods and 60% on the last payment; if a two-year extension is agreed to, the principal of the last period will be equally amortized within two years and repayable every 4.8 months, with an annual floating interest rates at 2.4819%-2.4835% in 2017 and 2.4822% in 2016.	640,000	800,000
Repayable semiannually from the date of the first repayment, 24 months after the date of the initial drawdown, from November 5, 2015 to November 5, 2018; repayment of 20% for the first two periods and 60% on the last payment; if a two-year extension is agreed to, the principal of the last period will be equally amortized within two years and repayable every 4.8 months, with an floating interest rate at 2.4816%-2.4822% in 2017.	120,000	-
Unsecured loan from King's Town Bank		
Repayable on the 20 th of every even month from the date of the initial drawdown, May 10, 2017, with principal repayments of \$10,000 thousand and an annual floating interest rate at 2.3780% in 2017.	1,370,000	-
Repayable monthly interest from the date of initial drawdown, April 21, 2017, with a principal repayment once and an annual floating interest rate at 1.6200% in 2017.	100,000	-
Repayable on the 20 th of every even month from the date of the initial drawdown, July 20, 2016, with principal repayments of \$10,000 thousand and an annual floating interest rate at 1.7300% in 2016.	-	370,000

(Continued)

	December 31	
	2017	2016
Secured loan from Cathay Bank		
Repayable monthly from August 2015 to July 2027, with annual floating interest rates at 4.5859%-5.0768% in 2017 and 4.0000%-4.5859% in 2016.	\$ 404,753	\$ 472,569
Repayable monthly from September 2017, with annual floating interest rates at 5.2500%-5.5000% in 2017.	49,914	-
Repayable monthly from August 2016, with annual floating interest rates at 5.0000%-6.0000% in 2017 and 4.7500% in 2016.	36,532	42,021
Repayable monthly from June 2017, with annual floating interest rates at 5.2500%-5.5000% in 2017.	23,149	-
Repayable monthly from February 2015 to February 2022, with monthly interest repayments and annual floating interest rates at 5.2500%-6.0000% in 2017 and 5.0000% in 2016.	22,933	28,768
Repayable after 18 months, with monthly interest repayments and an annual floating interest rate at 5.0000%-6.0000% in 2017 and 5.0000% in 2016.	17,563	81,845
Secured loan from Far Eastern Bank		
Repayable monthly from November 2017, with annual floating interest rates at 2.7500% in 2017.	136,152	-
Repayable monthly from October 2017, with annual floating interest rates at 2.7500% in 2017.	15,469	-
Syndicated loans: Lead bank - Entie Bank		
Repayable monthly from November 2017, with annual floating interest rates at 2.8097% in 2017.	119,030	-
Secured loan from Yuanta Bank		
Repayable on the 29 th of every month from the date of the initial drawdown, August 29, 2016, to August 29, 2023, with interest and principal repayments of \$297 thousand, with an annual floating interest rate at 2.85% in 2017 and 2016.	49,448	53,012
Repayable on the 10 th of every month from the date of the initial drawdown, November 10, 2017, to November 10, 2024, with interest and principal repayments of \$230 thousand, with an annual floating interest rate at 2.5000% in 2017.	28,770	-
Unsecured loan from JihSun Bank		
Repayable monthly from the date of initial drawdown, August 19, 2016, with a principal repayment once and an annual floating interest rate at 1.5000% in 2016.	-	190,000
Other borrowings		
Inventory Financing from Robina Finance Leasing Corporation Limited		
Repay interest and principal repayments monthly from next month of the date of the initial drawdown, December 20, 2017, with an annual interest rate at 3.7510% in 2017.	150,000	-
		(Continued)

	December 31	
	2017	2016
Chailease International Financial Services Co., Ltd.		
Repayable on the 3 rd of every month from the date of the initial drawdown, November 3, 2016, with 18 interest and principal repayments; the first 17 repayments of \$9,423 thousand and the last principal repayments once, with an annual floating interest rate at 1.7989%-1.8073% in 2017 and 1.8100% in 2016.	\$ 146,577	\$ 336,692
Repayable monthly from March 20, 2017, with an annual floating interest rate at 2.1622%-2.5775% in 2017.	108,930	-
Inventory Financing from IBT Leasing Corporation Limited		
Repayable monthly from September, 2017, with an annual interest rate at 6.5000% in 2017.	64,814	-
Repay interest and principal repayments monthly from next month of the date of the initial drawdown, March 24, 2017, with an annual interest rate at 3.0400% in 2017.	18,963	-
IBT Leasing Corporation Limited		
Repayable monthly from August, 2017, with an annual interest rate at 6.5000% in 2017.	16,807	-
Indiana Municipal Power Agency (IMPA) (Note)		
Repayable monthly from November 2017, with annual interest rates at 4.2500% in 2017.	58,120	-
ROBINA VENTURES INCORPORATION		
Repayable monthly from October, 2017, with an annual interest rate at 4.8000% in 2017.	54,682	-
Jih Sun International Leasing & Finance Co., Ltd		
Repayable monthly from December, 2017, with an annual interest rate at 4.5300% in 2017.	50,000	-
Taichung Bank Leasing & Finance Co., Ltd		
Repayable monthly from November, 2017, with an annual floating interest rate at 4.5154% in 2017.	48,005	-
	5,250,611	4,174,907
Less: Current portion	(3,092,575)	(960,815)
	<u>\$ 2,158,036</u>	<u>\$ 3,214,092</u>
		(Concluded)

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

1) The bank borrowing restrictions are as follow:

During the credit period, since the power facilities were in operation, the agreement on the Cathay United Bank secured loans requires the maintenance of certain financial ratios based on MEGATHIRTEEN and ASSET THREE and its subsidiaries' annual non-consolidated financial statements. The related restrictions are as follows:

a) The interest coverage ratio should not be less than 110%; and

- b) Debt service coverage ratio of $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) \div \text{principal and interest paid in current year}]$ should not be less than 150%.

If ASSET THREE and MEGATHIRTEEN fail to achieve the above financial ratios, the bank will demand immediate payment of the loan from ASSET THREE and MEGATHIRTEEN. However, as of December 31, 2017, such requirements were not applicable since the power facility was not in operation before the commercial operation date.

During the credit period, the agreement on the Taiwan Cooperative Bank, Entie Bank and Yuanta Commercial Bank syndicated loans requires the maintenance of certain financial ratios based on NSP's annual and semiannual non-consolidated financial reports. The related restrictions are as follows:

- a) Current ratio (Current assets $\div$ Current liabilities): At least 100%;
- b) Debt to equity ratio (Total liabilities $\div$ Tangible net worth): No more than 125%;
- c) Interest coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) \div \text{Interest expense}]$: At least 100%; and
- d) Tangible net worth: At least \$10,000,000 thousand.

The maintenance of certain financial ratios based on GES's annual and semiannual consolidated financial reports. The related restrictions are as follows:

- a) Current ratio (Current assets $\div$ Current liabilities): At least 100%;
- b) Debt to equity ratio (Total liabilities $\div$ Tangible net worth): No more than 300%;
- c) Interest coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) \div \text{Interest expense}]$: At least 100%; and
- d) Tangible net worth: At least \$2,000,000 thousand.

NSP and GES were not in compliance with the above loan requirements as shown in their 2017 consolidated financial statements. However, during the grace period from the date that the 2017 annual consolidated financial statements were authorized for issue until the date that the consolidated financial statements as of and for the six months ended June 30, 2018 are authorized for issue, such situation will not constitute a breach of the agreements, but both entities shall pay an additional 0.2% interest per annum based on the loan balance according to the loan agreements. In addition, should NSP and GES fail to achieve the financial ratios in the next examination, the lender will demand 15% of the total borrowing amounts as reserve funds and an extra 0.2% interest will be charged until NSP and GES attain the required ratios. According to the agreement, GES has deposited an amount of NT\$119,147 thousand as of December 31, 2017.

During the credit period, the agreement on the Taiwan Cooperative Bank syndicated loans requires the maintenance of certain financial ratios based on NSP's annual and semiannual non-consolidated financial reports. The related restrictions are as follows:

- a) Current ratio (Current assets $\div$ Current liabilities): At least 100%;
- b) Debt to equity ratio (Total liabilities and the guarantee balance $\div$ Tangible net worth): No more than 125%;
- c) Interest coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) \div \text{Interest expense}]$: At least 3; and

d) Tangible net worth: At least \$10,000,000 thousand.

NSP did not meet the required Current ratio, debt to equity ratio and interest coverage ratio as of December 31, 2017; thus, NSP accrued the related compensation expense, as required under the loan agreements.

NSP did not meet the required interest coverage ratio as of December 31, 2016; thus, NSP has paid the related compensation expenses 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.

In the credit duration, the agreement on the Cathay United Bank secured loans requires the maintenance of certain financial ratios based on ET ENERGY's annual non-consolidated financial reports. The related restrictions are as follows:

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

ET ENERGY was not in compliance with the above loan requirements with respect to the debt service coverage ratio as shown in its 2017 financial statement; under the loan agreements, the bank could increase the amount of reserve funds, and such situation will not constitute a breach of the agreements. ET ENERGY has met the above loan requirement as of December 31, 2016.

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

a) Current ratio $(\text{Current assets} \div \text{Current liabilities})$: At least 100%; and

b) Debt to equity ratio $(\text{Total liabilities} \div \text{Tangible net worth})$: No more than 300%.

GES USA was not in compliance with the above loan requirements with respect to the leverage ratio as shown in its 2017 financial statement. GES USA shall make a formal request for exemption from the bank, which should reduce the amount of credit lines available or increase the amount of reserve funds based on the entity's operational circumstances, and such situation would avoid an early repayment of the loan. GES USA has met the above loan requirements as of December 31, 2016.

In the credit duration, the agreement on the Cathay United Bank secured loans requires the maintenance of certain financial ratios based on the annual financial reports of CEDAR FALLS, RER CT 57, MEGAEIGHT and MEGATWELVE. The related restrictions are as follows:

a) Debt service coverage ratio $[(\text{Income before tax} + \text{Depreciation} + \text{Amortization} + \text{Interest expense}) \div \text{principal and interest paid in the current year}]$: No less than 120%.

CEDAR FALLS, RER CT 57, MEGAEIGHT and MEGATWELVE were not in compliance with the above loan requirements as shown in their 2017 financial statements. Those entities have increased their amounts of reserve funds according to the terms and conditions of the loan agreement; such situations were still considered as fully abiding by the agreements without any breach of the contracts. The entities have met the above loan requirements as of December 31, 2016.

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

- a) The leverage ratio (ratio of total liabilities to tangible net worth) should not exceed 150%; and
- b) Tangible net worth should be at least \$11 billion.

Under the syndicated loan agreement with Far Eastern International Bank and Entie Commercial Bank, Yong Han should comply with all of the following financial covenants in its annual and semiannual consolidated financial statements:

- a) The current ratio (ratio of current assets to current liabilities) should not be less than 100%;
- b) The leverage ratio (ratio of total liabilities to tangible net worth) should not exceed 300%;
- c) The interest coverage ratio [(income before tax + depreciation + amortization + interest expense) ÷ principal and interest paid in the current year] should not be less than 100%; and
- d) Tangible net worth should be at least \$20 billion.

The Corporation was in breach of certain terms of the syndicated loan agreement as of December 31, 2017. According to the agreement, when the Corporation breaches any agreed financial ratios, it should improve the ratios during the grace period from the date that the 2017 consolidated financial statements were authorized for issue until the date the consolidated financial statements as of and for the six months ended June 30, 2018 are authorized for issue. An additional 0.2% interest should be accrued during the improvement period. Should the Corporation fail to achieve the financial ratios at the next examination, the respective bank will demand 15% of the total borrowing amounts as reserve funds, and an extra 0.2% interest will be charged until the Corporation attains the required ratios; such situations will still be considered as fully abiding by the agreements without any breach of the contracts.

The assets pledged as collaterals for long-term bank loans are shown in Note 40.

2) Other loan restrictions are as follow:

- a) Under its agreement with IMPA, GES estimated that the fair value of its call option was US\$13,150 thousand (roughly NT\$94,014 thousand) at the date the agreement was signed in December 2017. The fair values using the Black-Scholes pricing model were estimated using the following assumptions:
 - i. The executed price was approximately US\$13,347 thousand (measured by reference to the flip date fair value);
 - ii. The expected volatility was 17%;
 - iii. The expected term of the option was 5 years; and
 - iv. Risk-free interest rate was 2.2%.

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

- b) The Corporation entered into a loan agreement with IBT Leasing Co., Ltd., Jih Sun International Leasing & Finance Co., Ltd. and other non-financial institutions. Notes payable were used by the Corporation to repay the outstanding principal amount, including interest, in equal installments; as of December 31, 2017, the sum of all outstanding installments was NT\$360,038 thousand, including interest amounting to NT\$11,412.

The assets pledged as collaterals for long-term bank loans are shown in Note 40.

d. Preference share liabilities

	December 31	
	2017	2016
Class A preference shares	\$ 34,949	\$ -
First preference shares, Series A	-	470,000
Less: Current portion	<u>(8,530)</u>	<u>(470,000)</u>
	<u>\$ 26,419</u>	<u>\$ -</u>

1) Class A preference shares

For the purpose of tax deductions, MEGASIXTEEN, a US subsidiary of GES, has entered into a contract with MPC, a non-controlling interest, to setup a startup company, GES AC, in order to carry out the solar energy business and activities through its five limited liability companies; all of those limited liability companies have entered into a 25-year sales contract with IMPA for the sale of electricity. As of December 31, 2017, the amount of injection from MPC and MEGASIXTEEN into Class A shares and Class B shares, respectively, are as follow:

- a) Class A shares: MPC owns 32.41% of GES AC's outstanding common shares, amounting to US\$3,113 thousand (roughly NT\$92,917 thousand). MPC will be given priority to receive 0.65% of the accumulated cash dividends with a fixed asset management fee on a quarterly basis. The Class A shareholders have voting rights and are entitled to 99% of the profit sharing during the first five years of GES AC's business operations.
- b) Class B shares: MEGASIXTEEN owns 67.59% of GES AC's outstanding common shares, amounting to US\$5,887 thousand (roughly NT\$175,715 thousand). The Class B shareholders have voting rights, and GES AC's financial management and control remains under the control of Class B shareholders and is subject to a managing member fee. MEGASIXTEEN will receive 1% of the profit sharing during the first five years of GES AC's business operations.

The contract contained a financial liability component, which was not closely related to the host contract, amounting to \$34,949 thousand. The obligation was designated on initial recognition as one to be classified as "Preference shares - current and non-current liability."

Five limited liability companies within GES AC estimated the fair value of total shareholdings was US\$14,027 thousand (roughly NT\$418,678 thousand); the fair value measurements are those derived from valuation techniques that include inputs that are not based on observable market data; therefore the entities made estimates and judgments about their fair values using an income approach defined as using Level 3 inputs under IFRS 13 fair value measurement standards. The fair values using the Level 3 fair value measurement standards were estimated using the following significant assumptions:

- a) A discount rate of 6.8%;
- b) Final valuation based on a 0.5% lapse rate of tariff rates on long-term sales of electricity; and
- c) Financial multipliers by peer companies.

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

- a) The executed price of approximately US\$656 thousand (measured by reference to the flip date fair value);
- b) The expected volatility of 17%;
- c) The expected term of the option of 5 years; and
- d) A risk-free interest rate of 2.2%.

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

2) Non-convertible Non-participating Redeemable Fixed Rate Cumulative First Preference Shares, Series A ("First Preference Shares, Series A"):

In their meeting on June 27, 2014, GES's shareholders proposed to offer First Preference Shares, Series A ("FP Shares"); on October 24, 2014, GES's board of directors approved the issuance of these shares at a premium price of \$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 \$50 per share per annum. If profit is not sufficient to make distributions on these shares, the shortfall will be carried over to the next year.

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

The FP Shares 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 Shares shareholders and the common shareholders have the same pre-emption right when GES increases its capital by offering new common shares.

Within three years after the FP Shares issuance date, GES 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 until redemption.

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 a dividend payment for 2015.

GES's board of directors approved the redemption and cancellation of FP Shares on August 4, 2017. The cancellation date and dividend distribution date was both on October 24, 2017. The cancellation of the FP shares and the 100% redemption for cash amounted to \$537,232 thousand calculated by the issuance amount of \$470,000 thousand and unpaid dividends on the FP Shares of \$67,232 thousand accumulated to October 23, 2017.

Current liabilities exceeded current assets by \$4,105,958 thousand as of December 31, 2017. For the countermeasures and related disclosures of liquidity for the coming year refer to Note 38.

23. BONDS PAYABLE

	December 31	
	2017	2016
Secured overseas convertible bonds (a)	\$ 3,425,011	\$ 3,616,038
Less: Current portion	<u>-</u>	<u>-</u>
	<u>\$ 3,425,011</u>	<u>\$ 3,616,038</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 it into common shares of NSP at a conversion price of \$39.05. Conversion may occur at any time between August 27, 2014 and July 8, 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. On April 25, 2016, the conversion price was adjusted from \$38.29 to \$37.13 due to NSP's issuance of common shares for cash. If the bonds are not converted, they will be redeemed on July 18, 2017 in US dollars, at a fixed exchange rate of US\$1 to \$29.89.

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.

On August 4, 2016, NSP's board of directors made a resolution to amend the terms of the issuance of the secured overseas convertible bonds on July 18, 2014. The amendment of the terms includes compulsory full redemption of convertible bonds at the early redemption price upon the completion of the issuance of NSP's third secured overseas convertible bonds or the completion of the issuance of other offshore convertible bonds. This amendment was effective upon approval in the ad hoc meeting of the bondholders on September 5, 2016.

Approved by NSP's board of directors on August 4, 2016, NSP would issue its third 0% 3-year secured overseas convertible bonds, with an aggregate amount (including oversubscription amount) of US\$120,000 thousand and a face value of US\$100 thousand, in order to repay the principal of the secured overseas convertible bonds issued on July 18, 2014, as well as meet capital requirements for bank loans upon the approval of foregoing amendment to the terms in an ad hoc meeting of the bondholders. NSP will redeem the bonds in USD with its face value plus an annual yield of 0.75% (which is calculated semiannually) on the maturity date, October 27, 2019, except the bonds which have been redeemed, repurchased and canceled or converted before the maturity date. Each bond entitles the holder to convert it into common shares of NSP at a conversion price of \$18, and the conversion may occur at any time between December 27, 2016 and October 17, 2019. On October 27, 2016, NSP issued its third secured overseas convertible bonds, listed on the Singapore Exchange Securities Trading Limited, and redeemed the second secured overseas convertible bonds. When the conversion option of the second secured overseas convertible bonds remained unexercised at the redemption date, the balance recognized in capital surplus - conversion option of convertible bonds was transferred to capital surplus - share premium.

Movements in the second secured overseas convertible bonds were as follows:

Proceeds from issue (less transaction costs of \$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 an effective interest rate	<u>78,406</u>
Liability component at December 31, 2015	3,461,799
Interest charged at an effective interest rate	<u>125,001</u>
Redeemed convertible bonds	<u>(3,586,800)</u>
Liability component at December 31, 2016	\$ <u>-</u>

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

Movement of the host liability instrument, the conversion option and derivative instrument of the redemption option in 2017 were as follows:

	The Host Liability Instrument		The Conversion Option and Derivative Instrument of Redemption Option	
	US\$	NT\$	US\$	NT\$
The date of issue	\$ 111,553	\$ 3,518,939	\$ 5,532	\$ 174,728
Rate adjusted	-	81,974	-	8
Interest charged at an effective interest rate	631	20,244	-	-
Accrued interest payable	(160)	(5,119)	-	-
Fair value changes gain	-	-	(5,520)	(174,349)
Balance at December 31, 2016	112,024	3,616,038	12	387
Rate adjusted	-	(273,624)	-	-
Interest charged at an effective interest rate	3,627	109,977	-	-
Accrued interest payable	(903)	(27,380)	-	-
Fair value changes gain	-	-	(12)	(387)
Balance at December 31, 2017	<u>\$ 114,748</u>	<u>\$ 3,425,011</u>	<u>\$ -</u>	<u>\$ -</u>

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

- 1) Current ratio (Current assets ÷ Current liabilities): At least 110%;
- 2) Debt to equity ratio (Total liabilities ÷ Total shareholders' equity): No more than 125%, where contingent liabilities are included when total liabilities are calculated;
- 3) Interest coverage ratio [(Income before tax + Depreciation + Amortization + Interest expense) ÷ Interest expense]: At least 2; and
- 4) Tangible net worth: At least \$10,000,000 thousand.

NSP did not meet the required current ratio, debt to equity ratio and interest coverage ratio as of December 31, 2017; thus, NSP transferred \$1,861,336 thousand into the escrow account as required under the loan agreement. NSP was in compliance with the above ratio requirements except for the current ratio, debt to equity ratio and interest coverage ratio; however, the financial ratios did not meet this requirement which was not considered a breach.

NSP did not meet the required interest coverage ratio as of December 31, 2016; thus, NSP transferred \$797,715 thousand into the escrow account as required under the loan agreement. NSP was in compliance with the above ratio requirements except for the interest coverage ratio; however, the financial ratios did not meet this requirement which was not considered a breach.

The assets pledged as collaterals for bonds payable are shown in Note 40.

Secured domestic convertible bonds

On October 1, 2013, NSP issued its first and second 3-year domestic secured convertible bonds, with a total par value of \$500,000 thousand, an aggregate principal of \$1,000,000 thousand and a par rate of 0%. The bonds are convertible from November 2, 2013 to September 21, 2016 at the 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. On April 25, 2016, the conversion price was adjusted from \$28.16 to \$27.26 due to NSP's issuance of common shares for cash. The bonds were be redeemed at 100% of their principal amount on October 11, 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. When the conversion option of convertible bonds remained unexercised at maturity, the balance recognized in capital surplus - conversion option of convertible bonds was transferred to capital surplus - share premium.

Movements of secured domestic convertible bonds were as follows:

Proceeds from issue (less transaction costs of \$4,170 thousand)	\$ 998,830
Equity component (less transaction costs allocated to the equity component in the 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	216,477
Interest charged at an effective interest rate	2,323
Redeemed convertible bonds	<u>(218,800)</u>
Liability component at December 31, 2016	<u>\$ -</u>

24. ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

	December 31	
	2017	2016
<u>Accrued expenses</u>		
Loss on contracts	\$ 851,730	\$ 480,494
Interest	361,711	87,017
Bonus	152,376	179,570
Service charge	143,041	73,096
Salaries	112,328	147,866
Others	<u>915,755</u>	<u>672,491</u>
	<u>\$ 2,536,941</u>	<u>\$ 1,640,534</u>

(Continued)

	December 31	
	2017	2016
<u>Other liabilities</u>		
Deferred revenue	\$ 200,165	\$ 236,201
Advance receipts from customers	73,522	62,081
Others	<u>14,478</u>	<u>18,758</u>
	<u>\$ 288,165</u>	<u>\$ 317,040</u>
Current	\$ 98,835	\$ 93,748
Non-current	<u>189,330</u>	<u>223,292</u>
	<u>\$ 288,165</u>	<u>\$ 317,040</u>

(Concluded)

25. PROVISIONS

	December 31	
	2017	2016
<u>Current</u>		
Customer returns and rebates	<u>\$ 1,609</u>	<u>\$ 4,890</u>
<u>Non-current</u>		
Warranties	<u>\$ 246,033</u>	<u>\$ 207,018</u>
<u>Customer returns and rebates</u>		
Balance at January 1	\$ 4,890	\$ -
Additions	2,119	13,827
Reversals	(4,249)	(7,571)
Usage	(1,149)	(1,366)
Effects of exchange rates	<u>(2)</u>	<u>-</u>
Balance at December 31	<u>\$ 1,609</u>	<u>\$ 4,890</u>
<u>Warranties</u>		
Balance at January 1	\$ 207,018	\$ 291,688
Additions	42,327	43,547
Reversals	-	(119,061)
Usage	(3,235)	(8,760)
Effects of exchange rate changes	<u>(77)</u>	<u>(396)</u>
Balance at December 31	<u>\$ 246,033</u>	<u>\$ 207,018</u>

The provision for customer returns and rebates was based on historical experience, management's judgments and other known reasons for possible returns and rebates. The provision was recognized as a reduction of operating income in the periods the related goods were sold.

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.

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

27. EQUITY

a. Share capital

1) Common shares

	December 31	
	2017	2016
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>1,019,256</u>	<u>1,017,615</u>
Shares issued	\$ 10,192,564	\$ 10,176,152
Share premiums	<u>6,020,328</u>	<u>12,209,652</u>
	<u>\$ 16,212,892</u>	<u>\$ 22,385,804</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 December 9, 2015, NSP's board of directors 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 (FSC) on January 18, 2016, and the offering date was on March 9, 2016. NSP's board of directors authorized the chairman to approve a decrease in the public offering price on March 25, 2016. In addition, the application for an extension of the period of public offering was approved by the FSC on April 12, 2016. The proceeds of the shares issued have been fully received, and the issue date was April 25, 2016.

On March 15, 2016, NSP's board of directors approved an increase in its capital by an issuance of up to 180,000 thousand shares of capital shares or global depositary shares, which was also subject to the resolution of the shareholders in their meeting held on June 16, 2016. In addition, the issuance of the third secured overseas convertible bonds was approved by the FSC on October 17, 2016, and the bonds were listed on the Singapore Exchange Securities Trading Limited on October 27, 2016.

On April 29, 2016, the NSP's board of directors approved to increase its capital by an issuance of up to 180,000 thousand shares through private-placement shares, which was also subject to approval by the shareholders in their meeting on June 16, 2016. On March 21, 2017, the NSP's board of directors resolved not to continue handling the private-placement issuance.

On March 21, 2017, the NSP's board of directors approved an increase in its capital by an issuance of up to 180,000 thousand shares through private-placement shares, which was approved by the shareholders in their meeting on June 14, 2017. On January 29, 2018, the NSP's board of directors resolved not to continue handling the private-placement issuance.

On October 16, 2017, NSP considers the development of the solar energy industry and the growth of future requirement in its investment strategy in order to expand its share in the solar energy industry and strengthen operating ability, NSP's board of directors approved to increase the investment in GES by 46,104,764 ordinary shares of GES by public tender offer (approximately 24.11% of the total issued ordinary shares of GES), and GES will become 100%-owned subsidiary of NSP. As of November 6, 2017, the acquisition date, NSP acquired 43,090,282 shares, and obtained a total of 3,014,482 shares from other shareholders in November and December 2017.

On October 16, 2017, NSP's board of directors approved to sign merger intent letter with Gintech Energy Corporation and Solartech Energy Corporation, with NSP as the surviving company after the merger, and will be renamed United Renewable Energy Co., Ltd. as soon as possible after the effective date of the merger in order to reflect the equality and common objective of the merged companies which is to pursue progress of the merged company.

On January 29, 2018, NSP's board of directors approved to sign the merger agreement with Gintech Energy Corporation and Solartech Energy Corporation, and the tentative date of the merger is October 1, 2018. On March 28, 2018, NSP, Gintech Energy Corporation and Solartech Energy approved the merger in their shareholders' meeting.

In connection with the combined contract, Gintech Energy Corp. and Solartech Energy Corp. are entitled to convert outstanding common shares, including private equity and restricted employee share options, through a share swap at a 1:1.39 and 1:1.17 ratio ("sum of the consideration"), respectively. Regarding the share swap, NSP expected a total capital increase of NT\$11,645,674 thousand and issued new shares, all common shares, with a par value of NT\$10.

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

On January 29, 2018, NSP's board of directors approved to increase its capital by an issuance of up to 380,000 thousand shares through private-placement shares, which was also subject to approval by the shareholders in their meeting on March 28, 2018.

b. Capital surplus

	December 31	
	2017	2016
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	\$ 5,899,866	\$ 11,545,379
Share premiums - premiums from the conversion of convertible bonds	-	507,846
Difference between consideration and carrying amounts adjusted	-	14,023
May only be used to offset a deficit (2)		
Share premiums - employee restricted shares	117,440	-
Share premiums - employee share options	3,022	-
Share premiums - the conversion of convertible bonds expired	-	156,427
May not be used for any purpose		
Arising from employee restricted shares	7,837	118,649
Arising from employee share options	-	<u>3,022</u>
	<u>\$ 6,028,165</u>	<u>\$ 12,345,346</u>

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

c. Retained earnings and dividend policy

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 shareholders held their regular meeting on June 16, 2016 and, in that meeting, resolved amendments to the NSP's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation.

Under the dividend policy as set forth in the amended Articles, where the NSP made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the NSP's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration of directors and supervisors before and after amendment, refer to Note 29 (f).

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

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

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

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 the Corporation.

The offset of accumulated deficit for 2016 and 2015 were approved in the shareholders' meeting on June 14, 2017 and June 16, 2016, respectively. The information was as follows:

	(Offset of Accumulated Deficit) Appropriation of Earnings For the Year Ended December 31	
	2016	2015
Unappropriated earnings	\$ -	\$ 217,545
Net loss for the year	(6,309,786)	(1,455,641)
Legal reserve	-	69,422
Capital surplus - share premium (the conversion of convertible bonds expired)	156,427	-
Capital surplus - share premium (premium from the conversion of convertible bonds)	507,846	-
Capital surplus - share premium	<u>5,645,513</u>	<u>1,168,674</u>
	<u>\$ -</u>	<u>\$ -</u>

The offset of accumulated deficit for 2017 had been proposed by NSP's board of directors on March 20, 2018. The information was as follows:

	Offset of Accumulated Deficit
Net loss for the year	\$ (4,154,163)
Difference in amount of acquired or disposed subsidiaries' s equity and carrying amount	(445,947)
Effect of reorganization	(11,391)
Capital surplus - share premium (employee restricted shares)	117,440
Capital surplus - share premium (employee share options)	3,022
Capital surplus - share premium	<u>4,491,039</u>
	<u>\$ -</u>

The offset of accumulated deficit in 2017 is subject to resolution in the shareholders' meeting expected to be held on June 20, 2018.

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

	For the Year Ended December 31	
	2017	2016
Balance at January 1	\$ (53,259)	\$ (71,074)
Unrealized (losses) gains on revaluation of available-for-sale financial assets	<u>(18,623)</u>	<u>17,815</u>
Balance at December 31	<u>\$ (71,882)</u>	<u>\$ (53,259)</u>

The unrealized gains (losses) 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.

28. REVENUE

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

	For the Year Ended December 31	
	2017	2016
Revenue from the sale of goods	\$ 8,844,595	\$ 15,478,594
Revenue from other activities	656,840	266,717
Revenue from construction	605,792	54
Processing fees revenue	125,455	405,381
Revenue from the sale of power facilities construction	<u>15,205</u>	<u>386,379</u>
	<u>\$ 10,247,887</u>	<u>\$ 16,537,125</u>

29. COMPREHENSIVE INCOME (LOSS)

a. Other income and expenses

	For the Year Ended December 31	
	2017	2016
Loss on disposal of property, plant and equipment	\$ (116,086)	\$ (474,984)
Impairment loss on property, plant and equipment	(43,669)	(355,235)
Gain (loss) on disposal of non-current assets held for sale	1,383	(8,023)
Impairment loss on financial assets	-	(1,022,882)
Impairment loss on intangible assets	<u>-</u>	<u>(512,440)</u>
	<u>\$ (158,372)</u>	<u>\$ (2,373,564)</u>

b. Interest income and other income

	For the Year Ended December 31	
	2017	2016
Interest income		
Bank deposits	\$ 22,305	\$ 20,906
Financing provided to related parties	120,774	45,196
Puttable preference shares	19,090	22,480
Installment accounts receivables	-	14,036
Others	<u>86</u>	<u>1,139</u>
	<u>\$ 162,255</u>	<u>\$ 103,757</u>
Other income		
Government grants	\$ 22,860	\$ 25,720
Rental income	2,540	1,702
Compensation income	956	3,010
Others	<u>58,973</u>	<u>3,318</u>
	<u>\$ 85,329</u>	<u>\$ 33,750</u>

c. Finance costs

	For the Year Ended December 31	
	2017	2016
Interest on bank loans	\$ 295,925	\$ 191,313
Interest on contract compensation	286,388	20,522
Interest on convertible bonds	109,977	190,535
Preference share dividends	19,057	24,675
Other interest expense	<u>14,805</u>	<u>4,018</u>
	<u>\$ 726,152</u>	<u>\$ 431,063</u>

d. Depreciation and amortization

	For the Year Ended December 31	
	2017	2016
Property, plant and equipment	\$ 1,722,433	\$ 1,970,421
Intangible assets	<u>15,958</u>	<u>3,918</u>
	<u>\$ 1,738,391</u>	<u>\$ 1,974,339</u>
An analysis of depreciation by function		
Operating costs	\$ 1,651,767	\$ 1,885,475
Operating expenses	<u>70,666</u>	<u>84,946</u>
	<u>\$ 1,722,433</u>	<u>\$ 1,970,421</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 15,958</u>	<u>\$ 3,918</u>

e. Employee benefits expense

	For the Year Ended December 31	
	2017	2016
Post-employment benefits (Note 26)		
Defined contribution plans	\$ 60,407	\$ 84,874
Share-based payments		
Equity-settled share-based payments	7,714	58,957
Other employee benefits	<u>1,655,924</u>	<u>2,098,931</u>
Total employee benefits expense	<u>\$ 1,724,045</u>	<u>\$ 2,242,762</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 1,061,540	\$ 1,473,368
Operating expenses	<u>662,505</u>	<u>769,394</u>
	<u>\$ 1,724,045</u>	<u>\$ 2,242,762</u>

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

The amendments stipulate distribution of employees' compensation and remuneration to directors at the rates no less than 3% and no higher than 2%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors. NSP incurred a deficit for the year ended December 31, 2017, 2016 and 2015; thus, neither compensation to employees nor remuneration to directors was estimated.

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

Information on the compensation to employees and the remuneration to directors, approved by NSP's board of directors in 2018 and 2017 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

g. Net gain (loss) on foreign currency exchange

	For the Year Ended December 31	
	2017	2016
Foreign exchange gains	\$ 741,778	\$ 516,798
Foreign exchange losses	<u>(667,799)</u>	<u>(530,334)</u>
Net profit (loss)	<u>\$ 73,979</u>	<u>\$ (13,536)</u>

h. Components of other comprehensive income

	For the Year Ended December 31	
	2017	2016
Exchange difference on translating foreign operations:		
Arising during the year	<u>\$ (344,571)</u>	<u>\$ (364,154)</u>
Unrealized (losses) gains on available-for-sale financial assets:		
Arising during the year	<u>\$ (18,623)</u>	<u>\$ 17,815</u>

30. INCOME TAXES

a. Income tax recognized in profit or loss

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

	For the Year Ended December 31	
	2017	2016
Current tax		
Current year	\$ (27,483)	\$ (39,899)
Prior periods	<u>(1,780)</u>	<u>(779)</u>
	(29,263)	(40,678)
Deferred tax		
Reversal of temporary difference	<u>-</u>	<u>47,411</u>
Income tax (expense) benefit recognized in profit or loss	<u>\$ (29,263)</u>	<u>\$ 6,733</u>

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

	For the Year Ended December 31	
	2017	2016
Loss before tax	<u>\$ (4,130,726)</u>	<u>\$ (6,415,607)</u>
Income tax benefit at the 17% statutory rate	\$ 702,224	\$ 1,090,653
Non-deductible expenses in determining taxable income	(68,334)	(399,911)
Tax-exempt income	986	51,167
Income tax on unappropriated earnings	(1,486)	-
Effect of different tax rate of group entities operating in other jurisdictions	45,743	66,319
Unrecognized loss carryforwards	(537,324)	(678,843)
Additional income tax under the Alternative Minimum Tax Act	-	(495)
Unrecognized deductible temporary differences	(186,144)	(168,789)
Reversal of temporary difference	16,852	47,411
Adjustments for prior years' tax benefit	<u>(1,780)</u>	<u>(779)</u>
Income tax (expense) benefit recognized in profit or loss	<u>\$ (29,263)</u>	<u>\$ 6,733</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.

In February 2018, it was announced that the Income Tax Law in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the tax rate applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets (including exchange difference on translating foreign operation) and deferred liabilities recognized as at December 31, 2017 are expected to be adjusted and would increase by \$13,958 thousand and \$8,128 thousand, respectively, in 2018.

As the status of the 2018 appropriations of earnings is uncertain, the potential income tax consequences of the 2017 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2017	2016
Deferred tax		
In respect of the current year		
Exchange differences on translating foreign operations	<u>\$ 33,039</u>	<u>\$ -</u>

c. Current tax assets and liabilities

	For the Year Ended December 31	
	2017	2016
Current tax assets		
Tax refund receivable	\$ 7,616	\$ 7,624
Prepaid income tax	<u>941</u>	<u>407</u>
	<u>\$ 8,557</u>	<u>\$ 8,031</u>
Current tax liabilities		
Income tax payable	<u>\$ 19,462</u>	<u>\$ 3,943</u>

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2017

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax assets</u>				
Investment credits	\$ 12,362	\$ (931)	\$ -	\$ 11,431
Temporary differences				
Depreciation differences on property, plant and equipment	8,332	(880)	-	7,542
Write-downs of inventories	4,263	(3,009)	-	1,254
Exchange difference on translating foreign operation	-	-	33,039	33,039
Others	<u>20,473</u>	<u>16,880</u>	<u>-</u>	<u>37,353</u>
	<u>\$ 45,430</u>	<u>\$ 12,060</u>	<u>\$ 33,039</u>	<u>\$ 90,529</u>
				(Continued)

	Balance, Beginning of Year	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Balance, End of Year
<u>Deferred tax liabilities</u>				
Temporary differences				
Unrealized foreign exchange gains	\$ -	\$ 17,381	\$ -	\$ 17,381
Revaluation gain on property, plant and equipment	-	-	-	-
Unrealized gains on financial instruments at fair value through profit or loss	31,611	(2,933)	-	28,678
Others	<u>10,474</u>	<u>(3,408)</u>	<u>-</u>	<u>7,066</u>
	<u>\$ 42,085</u>	<u>\$ 11,040</u>	<u>\$ -</u>	<u>\$ 53,125</u> (Concluded)

For the year ended December 31, 2016

	Balance, Beginning of Year	Recognized in Profit or Loss	Balance, End of Year
<u>Deferred tax assets</u>			
Investment credits	\$ 12,664	\$ (302)	\$ 12,362
Temporary differences			
Depreciation differences on property, plant and equipment	2,261	6,071	8,332
Write-downs of inventories	704	3,559	4,263
Others	<u>2,748</u>	<u>17,725</u>	<u>20,473</u>
	<u>\$ 18,377</u>	<u>\$ 27,053</u>	<u>\$ 45,430</u>
<u>Deferred tax liabilities</u>			
Temporary differences			
Unrealized foreign exchange gains	\$ 5,714	\$ (5,714)	\$ -
Revaluation gain on property, plant and equipment	58,389	(58,389)	-
Unrealized gains on financial instruments at fair value through profit or loss	-	31,611	31,611
Others	<u>-</u>	<u>10,474</u>	<u>10,474</u>
	<u>\$ 64,103</u>	<u>\$ (22,018)</u>	<u>\$ 42,085</u>

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

- e. 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	
	2017	2016
Loss carryforwards		
Expiry in 2016	\$ -	\$ 1,141,783
Expiry in 2017	3,336,455	3,336,455
Expiry in 2018	152,401	152,401
Expiry in 2019	137,955	137,955
Expiry in 2020	252,753	255,401
Expiry in 2021	1,244,133	1,195,755
Expiry in 2022	488,780	-
Expiry in 2024	17,421	17,421
Expiry in 2025	610,985	627,691
Expiry in 2026	1,627,349	2,153,388
Expiry in 2027	2,597,532	-
Expiry in 2033	-	7,151
Expiry in 2034	33,912	86,581
Expiry in 2035	59,860	114,561
Expiry in 2036	<u>24,312</u>	<u>-</u>
	<u>\$ 10,583,848</u>	<u>\$ 9,226,543</u>
Investment credits		
Purchase of machinery and equipment	<u>\$ 208,578</u>	<u>\$ 27,340</u>
Deductible temporary differences	<u>\$ 6,715,572</u>	<u>\$ 3,295,228</u>

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

- f. Information on tax - exemption

As of December 31, 2017, profits attributable to the following expansion projects were exempt from income tax for five years under the Statute for Upgrading Industries:

Statute for Upgrading Industries	Period
Expansion of the manufacturing plant acquired through a 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

g. Integrated income tax

	December 31	
	2017	2016
NSP's (accumulated deficit) unappropriated earnings (Accumulated deficit) unappropriated earnings generated on and after January 1, 1998	<u>\$ (4,611,501)</u> Note	<u>\$ (6,309,786)</u>
NSP's imputation credits account	<u>\$ 142,460</u> Note	<u>\$ 141,601</u>

There were no distributable earnings for 2017 and 2016, and this led to a zero creditable ratio for the distribution of earnings.

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, related information for 2017 is not applicable.

h. Income tax assessments

NSP's income tax returns through 2015 have been assessed by the tax authorities.

31. LOSS PER SHARE

Unit: NT\$ Per Share

	Years Ended December 31	
	2017	2016
Basic loss per share	<u>\$ (4.08)</u>	<u>\$ (6.53)</u>
Diluted loss per share	<u>\$ (4.08)</u>	<u>\$ (6.53)</u>

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

Net loss for the year

	Years Ended December 31	
	2017	2016
Loss for the year	\$ (4,154,163)	\$ (6,309,786)
Effect of dilutive potential common share:		
Interest on convertible bonds (after tax)	<u>-</u>	<u>-</u>
Loss used in the computation of diluted loss per share	<u>\$ (4,154,163)</u>	<u>\$ (6,309,786)</u>

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

	Years Ended December 31	
	2017	2016
Weighted average number of common shares used in the computation of basic loss per share	1,017,105	965,603
Effect of dilutive potential common shares:		
Convertible bonds	-	-
Restricted employee share options	-	-
Employee compensation or bonuses issued to employees	-	-
Employee share options	-	-
Weighted average number of common shares used in the computation of diluted loss per share	<u>1,017,105</u>	<u>965,603</u>

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

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

32. SHARE-BASED PAYMENT ARRANGEMENTS

Issuance of shares reserved for employees subscription

No share options were granted for the year ended December 31, 2017.

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. NSP's board of directors authorized the chairman to approve a decrease in the public offering price. In addition, the application for an extension of the period of public offering was approved by the Financial Supervisory Commission on April 12, 2016. The proceeds of the shares issued have been fully received and the issue date was April 25, 2016.

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

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

	2016 Plan 1
Grant-date share price (NT\$/share)	\$ 21.25
Exercise price (NT\$/share)	\$ 18.00
Expected volatility	41.19%
Expected life (days)	21
Expected dividend yield	-
Risk-free interest rate	0.41%

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

The compensation cost of shares for cash issued in 2016 was \$39,048 thousand.

On January 4 and November 17, 2016, V5 Technology's board resolved to increase its capital by a public offering of 3,000 thousand and 3,800 thousand new common shares, respectively. A portion of the new shares issued for cash was reserved for subscription by V5 Technology's employees, and the grant date of the share issuance to employees was January 4 and November 23, 2016 with subscription base dates of January 29 and December 16, 2016, respectively.

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

	2016 Plan 1	2016 Plan 2
Grant-date share price (NT\$/share)	\$ 7.69	\$ 0.55
Exercise price (NT\$/share)	\$ 15.00	\$ 12.70
Expected volatility	3.45%	31.44%
Expected life (years)	0.0685	0.1890
Expected dividend yield	-	-
Risk-free interest rate	0.21%	0.11%

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 for the year ended December 31, 2016 was zero.

Employee share option plan

a. Replaced employee share option plan:

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 starting from the second year from the grant date. The options of Plan 4 granted in 2009 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 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 4 in 2009		Plan 5 in 2009	
	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$/Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$/Share)
For the year ended <u>December 31, 2016</u>				
Balance at combination date	170	\$ 46.50	104	\$ 49.90
Options expired	(157)	42.00	(93)	44.90
Options canceled	<u>(13)</u>	42.00	<u>(11)</u>	44.90
Ending balance	<u>-</u>	-	<u>-</u>	-
Options exercisable, end of year	<u>-</u>	-	<u>-</u>	-
	Plan 6 in 2010		Plan 7 in 2010	
	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$/Share)	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$/Share)
For the year ended <u>December 31, 2016</u>				
Balance at combination date	37	\$ 58.20	240	\$ 70.10
Options canceled	<u>(11)</u>	51.90	<u>(6)</u>	61.90
Ending balance	<u>26</u>	51.90	<u>234</u>	61.90
Options exercisable, end of year	<u>26</u>	51.90	<u>234</u>	61.90
For the year ended <u>December 31, 2017</u>				
Balance at combination date	26	\$ 51.90	234	\$ 61.90
Options canceled	<u>(26)</u>	51.90	<u>(234)</u>	61.90
Ending balance	<u>-</u>	-	<u>-</u>	-
Options exercisable, end of year	<u>-</u>	-	<u>-</u>	-

As of the balance sheet date, the information about the inherited employee share options from business combinations was as follows:

December 31			
2017		2016	
Exercise Price (NT\$/Share)	Weighted Average Remaining Contractual Life (In Years)	Exercise Price (NT\$/Share)	Weighted Average Remaining Contractual Life (In Years)
\$ -	-	\$ 51.9	0.31
-	-	61.9	0.80

The Corporation adjusted the number of outstanding share option rights on the replaced ESOs on the basis of the share exchange ratio on the acquisition date. The Corporation recalculated the compensation cost.

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 4 in 2009	Plan 5 in 2009
Acquisition date share price (NT\$/share)	\$ 25.60	\$ 25.60
Exercise price (NT\$/share)	53.06	57.55
Expected volatility	48.4%	48.9%
Option life (years)	3.20	3.41
Expected dividend yield	-	-
Risk-free interest rate	0.9%	0.9%

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

b. Employee share option plan of V5 Technology:

Qualified employees of V5 Technology were granted option units numbering 20 thousand and 27 thousand in February 2016 according to employee share option plan in 2014 and 2015, respectively; and 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 all valid for 5 years and exercisable at certain percentages starting from the first year 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.

Because NSP did not acquire any shares issued for cash of V5 Technology in August 2017, NSP's equity interest in V5 Technology decreased from 60.85% to 41.43%, and control of V5 Technology passed to the acquirer on that date and stopped compiling in consolidated financial statements.

Information on employee share options was as follows:

Employee Share Option Plan of 2015		
For the year Ended December 31, 2016		
	Number of Options (In Thousands)	Weighted Average Exercise Price (NT\$/Per Share)
<u>Employee share options</u>		
Beginning balance	153	\$ 11.50
Options granted	27	12.70
Options canceled	<u>(21)</u>	12.70
Ending balance	<u>159</u>	12.70
Options exercisable, end of year	<u>40</u>	12.70

Employee Share Option Plan of 2014		
For the year Ended December 31, 2016		
<u>Employee share options</u>		
Beginning balance	67	\$ 11.50
Options granted	20	12.70
Options canceled	<u>(6)</u>	12.70
Ending balance	<u>81</u>	12.70
Options exercisable, end of year	<u>37</u>	12.70

Information about outstanding options as of the balance sheet date was as follows:

December 31, 2016	
Exercise Price (NT\$/Share)	Weighted Average Remaining Contractual Life (In Years)
\$ 12.70	2.27
12.70	3.44

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

	For the Year Ended December 31, 2016
Grant-date share price (NT\$/share)	\$ 7.69
Exercise price (NT\$/share)	\$ 12.70
Expected volatility	3.45%
Expected life (years)	3.25
Expected dividend yield	-
Risk-free interest rate	0.21%

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 in 2016 was \$394 thousand.

Restricted share plan for employees

No share options were granted for year ended December 31, 2016.

On March 21, 2017, NSP's board of directors approved of a restricted share plan amounting to \$21,000 thousand, consisting of 2,100 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 14, 2017, the shareholders in their meeting proposed to offer the restricted share plan for employees. The issuance of 2,100 thousand shares was approved by the Financial Supervisory Commission (FSC) on July 24, 2017.

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

Information on issued employee restricted shares was as follows:

	Shares (In Thousands)	
	For the Year Ended December 31	
	2017	2016
Beginning balance	761	2,796
Additions	1,855	-
Vested	(641)	(1,489)
Canceled	<u>(214)</u>	<u>(546)</u>
Ending balance	<u><u>1,761</u></u>	<u><u>761</u></u>

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

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

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

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

- 1) In addition to those disclosed in the restricted share plan, the employees should not sell, pledge, transfer, donate or in any other way dispose of these shares.
- 2) On behalf of employees, 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 non-compliance with vesting conditions.

NSP recognized compensation costs of \$7,668 thousand and \$19,515 thousand for the years ended December 31, 2017 and 2016, respectively.

33. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Percentage of Voting Equity Interests Acquired (%)	Consideration Transferred
GES KYUSHU	Solar - related business	October 3, 2017	100	\$ 102,946
Hashimoto	Solar - related business	October 3, 2017	100	<u>44,521</u>
				<u>\$ 147,467</u>
CFGP	Solar operation management services	November 4, 2016	60	<u>\$ 129,112</u>

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

b. Considerations transferred

	GES KYUSHU	Hashimoto	CFGP
Cash	<u>\$ 102,946</u>	<u>\$ 44,521</u>	<u>\$ 129,112</u>

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

	GES KYUSHU	Hashimoto	CFGP
Current assets	\$ 1,852	\$ 13,568	\$ 129,131
Property, plant and equipment	455,758	218,837	-
Intangible assets	73,642	35,773	166,140
Other non-current assets	2,357	12,038	-
Current liabilities	<u>(406,687)</u>	<u>(228,538)</u>	<u>(32,408)</u>
	<u>\$ 126,922</u>	<u>\$ 51,678</u>	<u>\$ 262,863</u>

The tax bases of CFGP's assets were required to be reset on the basis of market values of the assets. The initial accounting for the acquisition of CFGP had been completed as of the balance sheet date and the figures have been restated as if the initial accounting was completed on the acquisition date.

The fair value of GES KYUSHU and Hashimoto were determined with reference to the valuation report. This fair value was estimated by applying an income approach. The following were the key assumptions used in determining the fair value:

- 1) A discount rate of 5.2% and 7.4%, respectively;
- 2) The future values is based on a continuous decline rate of 0.5% of the long-term purchases of electricity rates; and
- 3) Financial parameters of companies similar to GES KYUSHU and Hashimoto.

d. Non-controlling interests

The non-controlling interest (40% ownership interest in CFGP) recognized at the acquisition date was measured by reference to the fair value of the non-controlling interest and amounted to \$96,998 thousand. This fair value was estimated by applying an income approach. The following were the key assumptions used in determining the fair value:

- 1) Discount rate of 17.56%;
- 2) Long-term sustainable growth rates of 1.4%; and
- 3) Adjustment for the lack of marketability that market participants would consider when estimating the fair value of the non-controlling interests in CFGP.

e. Goodwill and intangible assets recognized on acquisitions

	GES KYUSHU	Hashimoto	CFGP
Consideration transferred	\$ 102,946	\$ 44,521	\$ 129,112
Plus: Fair value of the acquirer's previously held equity interest	23,976	7,157	49,323
Plus: Non-controlling interests	-	-	96,998
Less: Fair value of identifiable net assets acquired	<u>(126,922)</u>	<u>(51,678)</u>	<u>(262,863)</u>
Goodwill recognized on acquisition	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,570</u>

The goodwill recognized in the acquisition of CFGP mainly represents the control premium included in the cost of the combination. In addition, the consideration paid for the combination effectively included amounts attributed to the benefits of expected synergies, revenue growth, future market development and the assembled workforce of CFGP. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

The fair value of the 45% equity of GES KYUSHU and Hashimoto before the acquisition date were equivalent as at the carrying amount, and therefore, no profit or loss was recognized.

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

	GES KYUSHU	Hashimoto	CFGP
Consideration paid in cash during the year	\$ 102,946	\$ 44,521	\$ 129,112
Less: Cash balances acquired	<u>(1,852)</u>	<u>(2,134)</u>	<u>(129,130)</u>
	<u>\$ 101,094</u>	<u>\$ 42,387</u>	<u>\$ (18)</u>

g. Impact of acquisitions 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:

	GES KYUSHU	Hashimoto
Revenue	<u>\$ 150</u>	<u>\$ 4,588</u>
(Loss) profit in 2017	<u>\$ (684)</u>	<u>\$ 2,790</u>
		CFGP
Revenue		<u>\$ -</u>
Loss in 2016		<u>\$ (2,082)</u>

If the business combination of GES KYUSHU and Hashimoto had been in effect at the beginning of the annual reporting period, the Corporation's revenue would be \$10,257,557 thousand and the loss would be \$4,151,933 thousand for the year ended December 31, 2017. 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 be achieved had the acquisition been completed on January 1, 2016, nor is it intended to be a projection of future results.

If the business combination of CFGP had been in effect at the beginning of the annual reporting period, the Corporation's revenue would be \$16,537,125 thousand and the loss would be \$5,182,950 thousand for the year ended December 31, 2016. 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 be achieved had the acquisition been completed on January 1, 2016, nor is it intended to be a projection of future results.

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

- 1) Calculated the depreciation of plant and equipment acquired on the basis of the fair values determined at the initial accounting for the business combinations 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 combinations.

34. DISPOSAL OF SUBSIDIARIES

Abacus, which carried out its entire solar-related business in Japan, was disposed of in June 2017, and control of Abacus passed to the acquirer on that date.

GES FUKUSHIMA, which carried out its entire solar-related business in Japan, was disposed of in July 2017, and control of GES FUKUSHIMA passed to the acquirer on that date.

MEGAFOURTEEN, which carried out its entire solar-related business in the United States, was disposed of in November 2017, and control of MEGAFOURTEEN passed to the acquirer on that date.

NSP did not acquire any shares issued for cash of V5 Technology in August 2017, and NSP's equity interests in V5 Technology decreased from 60.85% to 41.43%, and control of V5 Technology passed to the acquirer on that date

The Corporation disposed of both Si One and Da Li Energy on December 16, 2016, and control over both Si One and Da Li Energy was lost.

a. Consideration received from the disposals

	For the Year Ended December 31, 2017			
	Abacus	GES FUKUSHIMA	V5 Technology	MEGAFOURTEEN
Consideration received in cash and cash equivalents	\$ 351,125	\$ 33,097	\$ -	\$ 103,638
Sales proceeds receivable	<u>-</u>	<u>-</u>	<u>-</u>	<u>(21,015)</u>
Total consideration received	<u>\$ 351,125</u>	<u>\$ 33,097</u>	<u>\$ -</u>	<u>\$ 82,623</u>

	For the Year Ended December 31, 2016	
	Si One	Da Li Energy
Consideration received in cash and cash equivalents	\$ 22,616	\$ 3,158
Proceeds receivable from disposals of investments	<u>-</u>	<u>-</u>
Total consideration received	<u>\$ 22,616</u>	<u>\$ 3,158</u>

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

	For the Year Ended December 31, 2017			
	Abacus	GES FUKUSHIMA	V5 Technology	MEGAFOURTEEN
Current assets				
Cash and cash equivalents	\$ 2,599	\$ 1,635	\$ 29,914	\$ -
Accounts receivable	-	-	23,843	-
Accounts receivable-related parties	-	-	2,415	-
Financial lease receivables	1,286,839	19,966	-	-
Inventories	-	-	21,417	-
Other receivables	23,629	-	493	-
Prepayments	-	-	6,583	-
Others	-	-	176	-
Non-current assets				
Property, plant and equipment	92,559	-	-	-
Intangible assets	81,473	-	12,065	98,428
Refundable deposits	-	-	412	-
Others	-	-	1,247	-
Current liabilities				
Notes and accounts payable	-	-	(2,991)	-
Receipts in advance	-	-	(2,000)	-
Current tax liabilities	(8,239)	-	-	-
Accrued expenses	(1,352,887)	(34)	(9,684)	-
Others	-	(1)	(288)	-
Net assets disposed of	<u>\$ 125,973</u>	<u>\$ 21,566</u>	<u>\$ 83,602</u>	<u>\$ 98,428</u>

For the Year Ended December 31, 2016

	Si One	Da Li Energy
Current assets		
Cash and cash equivalents	\$ 179	\$ 4,545
Accounts receivable	16,604	2,718
Others	6,226	769
Non-current assets		
Lease receivables - non-current	-	46,496
Property, plant and equipment	41,532	14,726
Current liabilities		
Payables to contractors and equipment suppliers	(41,871)	(65,749)
Accrued expenses	(259)	(163)
Others	<u>(4,488)</u>	<u>-</u>
Net assets disposed of	<u>\$ 17,923</u>	<u>\$ 3,342</u>

c. Gain (loss) on disposals of subsidiaries

	For the Year Ended December 31, 2017			
	Abacus	GES FUKUSHIMA	V5 Technology	MEGAFOURTEEN
Consideration received	\$ 351,125	\$ 33,097	\$ -	\$ 103,638
Fair value of interests hold	-	-	83,580	-
Net assets disposed of	(125,973)	(21,566)	(83,602)	(98,428)
Non-controlling interests	-	-	33,019	-
Realized gain	10,738	688	3,509	-
Translation adjustment	<u>(12,400)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gain on disposal	<u>\$ 223,490</u>	<u>\$ 12,199</u>	<u>\$ 36,506</u>	<u>\$ 5,210</u>

	For the Year Ended December 31, 2016	
	Si One	Da Li Energy
Consideration received	\$ 22,616	\$ 3,158
Net assets disposed of	<u>(17,923)</u>	<u>(3,342)</u>
Gain (loss) on disposal	<u>\$ 4,693</u>	<u>\$ (184)</u>

The unrealized gains on the transactions with Si One, which was reclassified to realized gains from sales through disposals of subsidiaries, amounted \$4,509 thousand and were recorded under realized gross profit from sales in 2016.

d. Net cash inflow on disposal of subsidiary

	For the Year Ended December 31, 2017			
	Abacus	GES FUKUSHIMA	V5 Technology	MEGAFOURTEEN
Consideration received in cash and cash equivalents	\$ 351,125	\$ 33,097	\$ -	\$ 103,638
Less: As-of-yet received accounts receivable of disposal	-	-	-	(21,015)
Cash and cash equivalent balances disposed of	<u>(2,599)</u>	<u>(1,635)</u>	<u>(29,914)</u>	<u>-</u>
	<u>\$ 348,526</u>	<u>\$ 31,462</u>	<u>\$ (29,914)</u>	<u>\$ 82,623</u>

	For the Year Ended December 31, 2016	
	Si One	Da Li Energy
Consideration received in cash and cash equivalents	\$ 22,616	\$ 3,158
Less: As-of-yet received accounts receivable of disposal	<u>(179)</u>	<u>(4,545)</u>
	<u>\$ 22,437</u>	<u>\$ (1,387)</u>

35. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On October 16, 2017, the Corporation considers the development of the solar energy industry and the growth of future requirement in its investment strategy in order to expand its share in the solar energy industry and strengthen operating ability, the Corporation's board of directors approved to increase the investment in GES by 46,104,764 ordinary shares of GES by public tender offer (approximately 24.11% of the total issued ordinary shares of GES), and GES will become 100%-owned subsidiary of the Corporation. As of November 6, 2017, the acquisition date, the Corporation acquired 43,090,282 shares and obtained a total of 3,014,482 shares from other shareholders in November and December 2017.

On April 13, 2017, NSP acquired 45 thousand shares of New Castle for \$441 thousand. NSP's equity interests in New Castle increased from 55.00% to 100%. New Castle has been dissolved and liquidated in the fourth quarter of 2017 due to failing to achieve investment returns.

On January 29, 2016, the Corporation subscribed for shares issued for cash by V5 Technology Ltd. (V5 Technology) but at a percentage different from its earlier ownership percentage which reduced the Corporation's equity interests in V5 Technology from 61.33% to 61.23%. Again, V5 Technology issued shares for cash on December 16, 2016, for which the Corporation subscribed at a percentage different from its earlier ownership percentage which reduced the Corporation's equity interests in V5 Technology from 61.23% to 60.85%. As of December 31, 2016, NSP's capital surplus increased by a total of \$292 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.

	For the Year Ended December 31		
	2017		2016
	GES	New Castle	V5 Technology
Cash consideration received paid	\$ (954,369)	\$ (441)	\$ 36,867
The proportionate share of the carrying amount of the net assets of the subsidiary transferred from (to) non-controlling interests	453,787	441	(36,575)
Other equity attributable to shareholders of the Corporation adjustment			
Exchange difference on translating foreign operations	<u>40,612</u>	<u>-</u>	<u>-</u>
Differences arising from equity transaction	<u>\$ (459,970)</u>	<u>\$ -</u>	<u>\$ 292</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	\$ (14,023)	\$ -	\$ 292
Unappropriated earnings	<u>(445,947)</u>	<u>-</u>	<u>-</u>
	<u>\$ (459,970)</u>	<u>\$ -</u>	<u>\$ 292</u>

36. OPERATING LEASE ARRANGEMENTS

The Corporation as lessee

NSP leases lands from the Science-Based Industrial Park Administration under renewable agreements expiring in December 2026, with annual rentals of \$10,178 thousand.

GES leased plants from Hsin Lung Accessories Co., Ltd. under renewable agreements expiring in December 2019, with annual rentals of \$7,428 thousand.

Yong Zhou, Yong Han, Yong Yeh, Yong Liang, Yong Yao, Yong Shun, GES KYUSHU and Hashimoto signed 20-year operating lease contracts with unrelated third parties for the use of property such as agricultural and livestock farms for the installation of power plants; these contracts, with total annual rentals of \$26,877 thousand, are renewable and will expire in annual succession up to December 2038.

ET ENERGY 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 \$7,907 thousand.

GES MEGA SEVEN signed 20-year operating lease contracts with Jerry and Dolores Stefek Family Trust on the use of property for the installation of power plants; these contracts are renewable and will expire in October 2036 with annual rentals of \$980 thousand.

GES MEGAFIVE signed 20-year operating lease contracts with Washington Township Land, LLC on the use of property for the installation of power plants; these contracts are renewable and will expire in January 2036 with annual rentals of \$482 thousand.

GES MEGATWELVE signed 20-year operating lease contracts with City of Plymouth, Indiana on the use of property for the installation of power plants; these contracts are renewable and will expire in January 2037 with annual rentals of \$279 thousand.

As of December 31, 2017 and 2016, refundable deposits paid under operating leases were \$23,894 thousand and \$5,905 thousand, respectively.

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

	December 31	
	2017	2016
Up to 1 year	\$ 58,777	\$ 44,387
Over 1 year and up to 5 years	260,665	198,619
Over 5 years	<u>639,470</u>	<u>443,750</u>
	<u>\$ 958,912</u>	<u>\$ 686,756</u>

The lease payments recognized as expenses were as follows:

	For the Years Ended December 31	
	2017	2016
Minimum lease payments	<u>\$ 76,140</u>	<u>\$ 125,931</u>

37. 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.

38. FINANCIAL INSTRUMENTS

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

December 31, 2017

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Lease receivables (including current and non-current portions)	<u>\$ 3,993,789</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,012,410</u>	<u>\$ 4,012,410</u>
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	\$ 3,425,011	\$ -	\$ -	\$ 3,390,979	\$ 3,390,979

December 31, 2016

	Carrying Amount	Fair Value			
		Level 1	Level 2	Level 3	Total
<u>Financial assets</u>					
Lease receivables (including current and non-current portions)	\$ 1,739,034	\$ -	\$ -	\$ 1,742,233	\$ 1,742,233
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost					
Bonds payable	\$ 3,616,038	\$ -	\$ -	\$ 3,616,684	\$ 3,616,684

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

The fair value of the liability component of convertible bonds, assuming redemptions on October 27, 2019 and 2016 was determined with the most significant unobservable inputs being the discount rate in accordance with interest rates based on loans with similar terms.

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

1) Fair value hierarchy

December 31, 2017

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in the ROC				
Equity securities	<u>\$ 5,815</u>	<u>\$ 103,250</u>	<u>\$ -</u>	<u>\$ 109,065</u>

(Continued)

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Short call options	\$ -	\$ -	\$ 117,840	\$ 117,840
Put options	-	-	23,674	23,674
Foreign exchange forward contracts	<u>-</u>	<u>106</u>	<u>-</u>	<u>106</u>
	<u>\$ -</u>	<u>\$ 106</u>	<u>\$ 141,514</u>	<u>\$ 141,620</u>
Financial liabilities at fair value through profit or loss				
Long put options	\$ -	\$ -	\$ 94,014	\$ 94,014
Foreign exchange forward contracts	<u>-</u>	<u>5,742</u>	<u>-</u>	<u>5,742</u>
	<u>\$ -</u>	<u>\$ 5,742</u>	<u>\$ 94,014</u>	<u>\$ 99,756</u> (Concluded)

December 31, 2016

	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets				
Securities listed in the ROC				
Equity securities	<u>\$ 6,659</u>	<u>\$ 121,029</u>	<u>\$ -</u>	<u>\$ 127,688</u>
Financial assets at fair value through profit or loss				
Foreign exchange forward contracts	<u>\$ -</u>	<u>\$ 11,889</u>	<u>\$ -</u>	<u>\$ 11,889</u>
Financial liabilities at fair value through profit or loss				
Foreign exchange forward contracts	\$ -	\$ 1,525	\$ -	\$ 1,525
Redemption and conversion options	<u>-</u>	<u>-</u>	<u>387</u>	<u>387</u>
	<u>\$ -</u>	<u>\$ 1,525</u>	<u>\$ 387</u>	<u>\$ 1,912</u>

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

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

For the year ended December 31, 2017

	Financial Assets at Fair through Profit or Loss	
	Short Call Options	Put Options
<u>Financial assets</u>		
Balance at January 1, 2017	\$ -	\$ -
Additions	117,840	43,789
Recognized in profit or loss - unrealized	<u>-</u>	<u>(20,115)</u>
Balance at December 31, 2017	<u>\$ 117,840</u>	<u>\$ 23,674</u>

	Financial Liabilities at Fair through Profit or Loss	
	Short Call Options	Put Options
<u>Financial liabilities</u>		
Balance at January 1, 2017	\$ -	\$ 387
Additions	94,014	-
Recognized in profit or loss unrealized	<u>-</u>	<u>(387)</u>
Balance at December 31, 2017	<u>\$ 94,014</u>	<u>\$ -</u>

For the year ended December 31, 2016

	Financial Liabilities at Fair through Profit or Loss Redemption and Conversion Option
<u>Financial liabilities</u>	
Balance at January 1, 2017	\$ -
Additions	174,728
Recognized in profit or loss unrealized	<u>(174,341)</u>
Balance at December 31, 2017	<u>\$ 387</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - foreign exchange forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Securities listed in the ROC	The 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.

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

a) Put options

The Black-Scholes model was used to determine the fair value of the put options redeemed, and the most significant unobservable input was volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value of these put options. As of December 31, 2017 and 2016, the volatility used were 25.20% and 26.54%, respectively.

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

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising from Fair Value Movements	OCI Changes Arising from Fair Value Movements
<u>The year ended December 31, 2017</u>				
Financial assets at Fair value through profit or loss				
Put options	25.20%	+0.5%	<u>\$ 106</u>	-
	26.54%	+0.5%	<u>\$ 117</u>	-

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

b) Long call options and short put option

Long call options and short put options use the options pricing model to determine the Level 1 fair value, and the most significant unobservable inputs was volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value of these options. As of December 31, 2017, the volatility used was 17.00%.

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

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising From Fair Value Movements	OCI Changes Arising From Fair Value Movements
<u>The year ended December 31, 2017</u>				
Financial assets at fair value through profit or loss				
Long call options	6.80%	+0.5%	\$ (5,369)	-
Financial liabilities at fair value through profit or loss				
Short call options	6.80%	+0.5%	<u>11,783</u>	-
			<u>\$ 6,414</u>	-
				(Continued)

	Inputs	Increase (+)/ Decrease (-)	Profit or Loss Changes Arising from Fair Value Movements	OCI Changes Arising from Fair Value Movements
Financial assets at fair value through profit or loss				
Long call options	6.80%	-0.5%	\$ 5,748	-
Financial liabilities at fair value through profit or loss				
Short call options	6.80%	-0.5%	<u>(13,252)</u>	-
			<u>\$ (7,504)</u>	-
				(Concluded)

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

c) Conversion and redemption options

The fair values of redemption and conversion options are determined using the binomial tree valuation model where the significant unobservable input is historical volatility. An increase in the historical volatility used in isolation would result in an increase in the fair value. As of December 31, 2017 and 2016, the historical volatility used was 27.08% and 34.64%, respectively.

c. Categories of financial instruments

	December 31	
	2017	2016
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 141,620	\$ 11,889
Loans and receivables (Note 1)	11,549,608	13,341,427
Available-for-sale financial assets (Note 2)	163,611	182,283
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	99,756	1,912
Measured at amortized cost (Note 3)	20,581,872	18,807,107

Note 1: The loans and receivables included cash and cash equivalents, notes and accounts receivable, accounts receivable - related parties, pledged time deposits, restricted deposits, refundable deposits, other receivables, debt investments 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, short-term bills payable, notes and accounts payable, accounts payable-related parties, amount due to customers for construction contracts,

accrued expenses, long-term loans, bonds payable, preference share liabilities, etc. and were carried at amortized cost.

d. Financial risk management objectives and policies

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

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

indicates an increase in profit and other equity associated with the New Taiwan dollar's strengthening 5% against a foreign currency. For a 5% weakening of the New Taiwan dollar against a foreign currency, there would be an equal and opposite impact on profit and other equity and the balances below would be negative.

	USD Impact		EUR Impact		JPY Impact	
	For the Year Ended December 31		For the Year Ended December 31		For the Year Ended December 31	
	2017	2016	2017	2016	2017	2016
(Loss) profit	\$(63,627)	\$(91,995)	\$18,162	\$ 5,683	\$ (454)	\$ 8,693

The Corporation's sensitivity to USD exchange rates decreased in the current period mainly because of the increase in assets recorded in USD. The Corporation's sensitivity to EUR exchange rates increased in the current period mainly because of the decreased in liabilities recorded in EUR. The Corporation's sensitivity to JPY exchange rates decreased in the current period mainly because of the decreased 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	
	2017	2016
Fair value interest rate risk		
Financial assets	\$ 5,577,016	\$ 5,65,030
Financial liabilities	(9,571,897)	(9,283,039)
Cash flow interest rate risk		
Financial assets	6,347,299	5,955,043
Financial liabilities	(8,336,096)	(6,856,313)

Sensitivity analysis

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

If interest rates had been 1% higher and all other variables were held constant, the Corporation's profit for 2017 and 2016 would decrease by \$19,888 thousand and decrease by \$9,013 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.

If equity prices had been 5% lower, other comprehensive income for 2017 and 2016 would decrease by \$5,453 thousand and \$6,384 thousand, respectively, as a result of the changes in the fair value of impaired AFS investments.

The Corporation's sensitivity to price decreased in the current period mainly because of the decreased in AFS financial assets.

2) Credit risk

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

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

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

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

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

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

The Corporation's concentration of credit risk was 23% and 27% in total accounts receivable as of December 31, 2017 and 2016, respectively, which was 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.

As of December 31 2017, the Corporation had total current liabilities of \$16,679,572 thousand and total current assets of \$ 12,573,614 thousand; the Corporation's total current liabilities exceeded its total current assets showing that the Corporation has a current ratio at below 100%. The Corporation continues to liaise with the banks to consider extending the arrangement for its

syndicated bank loans. In addition, under certain conditions, the National Development Fund Execute Yuan and Management Committee of China Yaohua Glass Corporation Limited will raise the amount of capital by approximately \$4,000,000 thousand through private funding for production capacity upgrading, module expansion, asset replacement, and other uses on capital expenditures. The Corporation expected a loan facility of approximately \$10,000,000-\$12,000,000 thousand, and thus the Corporation assessed that it does not have any significant concentration of liquidity risk within a short period of time.

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

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

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

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

December 31, 2017

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 1,088,437	\$ 627,719	\$ 370,941	\$ 948,493
Variable interest rate liabilities	120,819	1,143,142	5,403,922	2,294,207
Fixed interest rate liabilities	<u>1,493,163</u>	<u>2,981,364</u>	<u>1,411,680</u>	<u>3,508,057</u>
	<u>\$ 2,702,419</u>	<u>\$ 4,752,225</u>	<u>\$ 7,186,543</u>	<u>\$ 6,750,757</u>

December 31, 2016

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing	\$ 1,064,794	\$ 974,745	\$ 3,152,929	\$ 3,670,686
Variable interest rate liabilities	460,137	1,878,642	1,595,452	3,276,640
Fixed interest rate liabilities	<u>1,362,403</u>	<u>2,746,321</u>	<u>1,388,710</u>	<u>3,676,466</u>
	<u>\$ 2,887,334</u>	<u>\$ 5,599,708</u>	<u>\$ 6,137,091</u>	<u>\$ 10,623,792</u>

As of December 31, 2017 and 2016, the Corporation believes there was no bank loan on which immediate repayment will be demanded.

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

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

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

December 31, 2017

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Foreign exchange forward contracts	\$ 162	\$ 5,580	\$ -	\$ -
Long call options	-	-	-	94,014
	<u>\$ 162</u>	<u>\$ 5,580</u>	<u>\$ -</u>	<u>\$ 94,014</u>

December 31, 2016

	On Demand or Up to 1 Month	Over 1 Month-3 Months	Over 3 Months to 1 Year	1+ Years
<u>Net settled</u>				
Conversion and redemption option	\$ -	\$ -	\$ -	\$ 387
Foreign exchange forward contracts	-	1,525	-	-
	<u>\$ -</u>	<u>\$ 1,525</u>	<u>\$ -</u>	<u>\$ 387</u>

c) Financing facilities

	<u>December 31</u>	
	2017	2016
Secured long-term bank loan facilities (installment credit):		
Amount used	\$ 5,883,305	\$ 6,515,170
Amount unused	<u>1,354,271</u>	<u>1,060,014</u>
	<u>\$ 7,237,576</u>	<u>\$ 7,575,184</u>

(Continued)

	December 31	
	2017	2016
Unsecured long-term bank loan facilities (revolving credit):		
Amount used	\$ 740,000	\$ 990,000
Amount unused	<u>-</u>	<u>10,000</u>
	<u>\$ 740,000</u>	<u>\$ 1,000,000</u>
Unsecured long-term bank loan facilities (installment credit):		
Amount used	\$ 1,370,000	\$ 370,000
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ 1,370,000</u>	<u>\$ 370,000</u>
Secured short-term bank loan facilities (which may be extended by mutual agreement):		
Amount used	\$ 625,229	\$ 126,090
Amount unused	<u>167,201</u>	<u>132,142</u>
	<u>\$ 792,430</u>	<u>\$ 258,232</u>
Secured short-term bank loan facilities (which cannot be extended):		
Amount used	\$ -	\$ 640,963
Amount unused	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ 640,963</u>
Unsecured short-term bank loan facilities (revolving credit):		
Amount used	\$ 9,225,339	\$ 7,985,300
Amount unused	<u>3,874,271</u>	<u>6,137,801</u>
	<u>\$ 13,099,610</u>	<u>\$ 14,123,101</u>
Unsecured short-term bank loan facilities (installment credit):		
Amount used	\$ 100,000	\$ -
Amount unused	<u>-</u>	<u>322,791</u>
	<u>\$ 100,000</u>	<u>\$ 322,791</u>
		(Concluded)

39. TRANSACTIONS WITH RELATED PARTIES

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

a. Related parties and their relationship with the Corporation

Related Party	Relationship with the Corporation
Delta Electronics Inc.	Investors with significant influence on certain group entities
Delta Electronics (Japan), Inc.	Other related parties (Note 1)
Delta Greentech Ltd.-Turkey	Other related parties (Note 1)
Delta Energy Systems (Germany) GmbH	Other related parties (Note 1)
Delta Products Corporation	Other related parties (Note 1)
Delta Energy System (Switzerland) AG	Other related parties (Note 1)
Delta Greentech (China) Co., Ltd.	Other related parties (Note 1)
Zhongda Electronic (Jiangsu) Co., Ltd.	Other related parties (Note 1)
Zhongda Electronic Parts And Components (Wujian) Co., Ltd.	Other related parties (Note 1)
Zhongda Shixun (Wujian) Co., Ltd.	Other related parties (Note 1)
Phanes FZ LLC	Other related parties (Note 1)
Phanes Holding	Other related parties (Note 1)
PAG Renewable Energy Services	Other related parties (Note 1)
Oryx Solar System Solutions LLC	Other related parties (Note 1)
Neo Cathay	Associates
JSP	Associates
Si One	Associates (Note 2)
Da Li Energy	Associates (Note 2)
CFY	Associates
Clean Focus Corporation	Associates (Note 3)
Clean Focus Development LLC	Associates (Note 3)
CF Gainesville Owner One, LLC	Associates (Note 3)
CF SBC Owner One LLC	Associates (Note 3)
CF Vegas Holdings LLC	Associates (Note 3)
CF Lessee LOB LLC	Associates (Note 3)
Vende Solar Inc.	Associates (Note 3)
V5 Technology	Associates (Note 4)
GES KYUSHU	Associates (Note 5)
Hashimoto	Associates (Note 5)
TTMC	Related parties in substance
DevCo One	Joint venture
DevCo Two	Joint venture
JV2	Joint venture

b. Sales of goods

Related Party Category	For the Year Ended December 31	
	2017	2016
Associates (Notes 2 and 3)	\$ 712,893	\$ 98,240
Other related parties (Note 1)	54,081	314,327
Investors with significant influence	5	313
Related parties in substance	<u>-</u>	<u>43,913</u>
	<u>\$ 766,979</u>	<u>\$ 456,793</u>

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

c. Other income

Related Party Category	For the Year Ended December 31	
	2017	2016
Associates	\$ 377	\$ -
Related parties in substance	<u>138</u>	<u>36</u>
	<u>\$ 515</u>	<u>\$ 36</u>

d. Interest income

Related Party Category	For the Year Ended December 31	
	2017	2016
Joint ventures		
DevCo One	\$ 35,508	\$ 43,314
DevCo Two	35,508	-
Other related parties (Note 1)		
Phanes Holding	19,090	22,480
Associates		
CF Lessee LOB LLC	30,772	-
CFY	16,971	-
Others	<u>2,015</u>	<u>1,882</u>
	<u>\$ 139,864</u>	<u>\$ 67,676</u>

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

e. Dividends income

Related Party Category	For the Year Ended December 31	
	2017	2016
Related parties in substance		
TTMC	<u>\$ 4,415</u>	<u>\$ -</u>

f. Purchase of goods

Related Party Category	For the Year Ended December 31	
	2017	2016
Investors with significant influence	\$ 31,209	\$ 1,614
Associates	-	184,882
Other related parties (Note 1)	-	96,027
Related parties in substance	<u>-</u>	<u>330</u>
	<u>\$ 31,209</u>	<u>\$ 282,853</u>

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

g. Cost of construction contracts

Related Party Category	For the Year Ended December 31	
	2017	2016
Associates	\$ 36,036	\$ -
Other related parties (Note 1)	<u>31,853</u>	<u>-</u>
	<u>\$ 67,889</u>	<u>\$ -</u>

Construction contract between the Corporation and related parties were based on specifically negotiated terms.

h. Other expenses

Related Party Category	For the Year Ended December 31	
	2017	2016
Investors with significant influence	\$ 15,736	\$ 11,253
Other related parties (Note 1)	2,465	15,172
Associates	<u>12</u>	<u>-</u>
	<u>\$ 18,213</u>	<u>\$ 26,425</u>

i. Rental expenses

Related Party Category	For the Year Ended December 31	
	2017	2016
Other related parties (Note 1)	<u>\$ 2,721</u>	<u>\$ 34,333</u>

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

j. Utilities

Related Party Category	For the Year Ended December 31	
	2017	2016
Other related parties (Note 1)	<u>\$ 51</u>	<u>\$ 52,238</u>

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

k. Accounts receivable

Related Party Category	December 31	
	2017	2016
Associates		
Clean Focus Corporation	\$ 155,005	\$ -
GES KYUSHU	-	100,081
Others	8,095	-
Other related parties (Note 1)	7,401	1,241
Investors with significant influence	<u>5</u>	<u>-</u>
	<u>\$ 170,506</u>	<u>\$ 101,322</u>

l. Other receivables

Related Party Category	December 31	
	2017	2016
Associates		
CF Leases LOB LLC	\$ 1,127,562	\$ -
CFY	363,242	332
GES KYUSHU	-	374,313
Hashimoto	-	236,482
Others	183,422	2,100
Other related parties (Note 1)	10,790	76,415
Joint venture		
DevCo One	132,116	210,370
Others	<u>143,458</u>	<u>36,798</u>
	<u>\$ 1,960,590</u>	<u>\$ 936,810</u>

Other receivables were temporary payments of project fee that the Corporation paid for its associates and overdue accounts receivable reclassification. The aging of overdue accounts receivable was as follows:

December 31, 2017

Related Party Category	Up to 60 days	61-90 days	91-120 days	More than 120 days
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2016

Related Party Category	Up to 60 days	61-90 days	91-120 days	More than 120 days
Other related parties	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,185</u>

The outstanding receivables from related parties were unsecured; no impairment allowance for these receivables was recognized for the years ended December 31, 2017 and 2016.

m. Amounts due from customers for construction contracts

Related Party Category	December 31	
	2017	2016
Associates (Note 2)		
Si One	\$ 31,799	\$ -
Da Li Energy	<u>19,432</u>	<u>-</u>
	<u>\$ 51,231</u>	<u>\$ -</u>

n. Other prepayments

Related Party Category	December 31	
	2017	2016
Associates	\$ <u>1,128</u>	\$ <u>-</u>

o. Refundable deposits

Related Party Category	December 31	
	2017	2016
Other related parties (Note 1)	\$ <u>-</u>	\$ <u>41,568</u>

p. Accounts payable

Related Party Category	December 31	
	2017	2016
Investors with significant influence		
Delta Electronics Inc.	\$ 12,820	\$ 381
Associates		
GES KYUSHU	-	184,882
Other related parties (Note 1)	<u>-</u>	<u>59</u>
	\$ <u>12,820</u>	\$ <u>185,322</u>

q. Amounts due to customers for construction contracts

Related Party Category	December 31	
	2017	2016
Associates (Note 2)		
Si One	\$ 51,581	\$ -
Da Li Energy	<u>11,419</u>	<u>-</u>
	\$ <u>63,000</u>	\$ <u>-</u>

r. Receipts in advance

Related Party Category	December 31	
	2017	2016
Other related parties (Note 1)	\$ <u>3,493</u>	\$ <u>12</u>

s. Project receipts in advance

Related Party Category	December 31	
	2017	2016
Associates (Note 2)	\$ <u>-</u>	\$ <u>31,050</u>

t. Payables to contractors and equipment suppliers

Related Party Category	December 31	
	2017	2016
Investors with significant influence	\$ 16,857	\$ 34,912
Other related parties (Note 1)	6,814	-
Associates	<u>1,700</u>	<u>-</u>
	<u>\$ 25,371</u>	<u>\$ 34,912</u>

u. Other accrued expenses

Related Party Category	December 31	
	2017	2016
Associate		
Clean Focus Corporation	\$ 276,657	\$ -
Others	35,970	-
Joint Ventures	165,732	-
Other related parties (Note 1)	3,087	53,203
Investors with significant influence	<u>711</u>	<u>1,292</u>
	<u>\$ 482,157</u>	<u>\$ 54,495</u>

Note 1: Other related parties were entities of the investor who has significant influence over the Corporation and entities whose parent issued puttable preference shares which were acquired by the Corporation on December 18, 2015.

Note 2: Da Li Energy and Si One had become the subsidiaries of Neo Cathay since December 16, 2016 and were deemed associates; thus, the Corporation disclosed the trading transactions from December 16, 2016 and the balances as of December 31, 2017 and December 31, 2016.

Note 3: The associates were CFY's subsidiaries.

Note 4: V5 Technology had become an associate of NSP since August 14, 2017 because NSP did not acquire any shares issued for cash of V5 Technology; thus, the Corporation disclosed the trading transactions only from August 14, 2017 and the balances as of December 31, 2017.

Note 5: These associates became subsidiaries after GES acquired them in October 2017.

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

Other accrued expenses were expenses and construction fee temporarily paid by related parties for the Corporation.

v. Acquisitions of property, plant and equipment

Related Party Category	For the Year Ended December 31	
	2017	2016
Other related parties (Note 1)	\$ 171,202	\$ 454,790
Investors with significant influence	<u>61,726</u>	<u>36,049</u>
	<u>\$ 232,928</u>	<u>\$ 490,839</u>

- w. Put of financial assets - debt investments with no active market

For the year ended December 31, 2017

Related Party Category	Shares	Underlying Assets	Proceeds	Gain (Loss) on Disposal
Other related parties (Note 1)				
Phanes Holding	\$ <u>4,500</u>	\$ <u>-</u>	\$ <u>146,453</u>	\$ <u>-</u>

- x. Loans and endorsement/guarantees provided to related parties

Refer to Note 43 for information relating to financing and endorsements and guarantees between the Corporation and its related parties.

- y. Compensation of key management personnel

The compensation of directors and other members of key management personnel for 2017 and 2016 was as follows:

	For the Year Ended December 31	
	2017	2016
Short-term benefits	\$ 61,792	\$ 65,041
Share-based payments	3,228	7,539
Post-employment benefits	<u>1,201</u>	<u>1,218</u>
	<u>\$ 66,221</u>	<u>\$ 73,798</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.

40. PLEDGED OR MORTGAGED ASSETS

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

	December 31	
	2017	2016
Property, plant and equipment	\$ 6,369,227	\$ 8,357,654
Finance lease receivables (including current and non-current portions)	1,698,483	1,164,311
Restricted assets (classified as other current and non-current assets)	2,386,553	839,986
Refundable deposits	852,023	438,095
Pledged time deposits (classified as other current and non-current assets)	209,277	42,421
Non-current assets held for sales	143,090	39,881
Power facilities construction in process (classified as inventory)	<u>83,456</u>	<u>18,171</u>
	<u>\$ 11,742,109</u>	<u>\$ 10,900,519</u>

41. 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 non-refundable payments from January 1, 2006 to December 31, 2018. In return, company J should provide an agreed-upon quantity of raw materials.

Except for the agreement entered into in March 2007 that will expire in December 2018, all other agreements with company J had expired as of September 30, 2016. Any prepayments not yet fully applied are still applicable.

As of December 31, 2017, amount of USD7,027 thousand (\$226,514 thousand) was 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 supply an agreed-upon quantity of raw materials. As of December 31, 2017, an amount of USD8,676 thousand (\$287,370 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 provide 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 supply 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, and received the result of arbitration in November 2017; NSP has accrued for probable losses; for related progress of the matter, please refer to Note 41 b contingencies (5).
- 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 supply an agreed-upon quantity of raw materials. As of December 31, 2017, an amount of USD489 thousand (\$15,951 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 supply an agreed-upon quantity of raw materials. In December 2010, NSP renegotiated the agreement with company K. Both parties agreed that company K would supply 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. 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. For related progress of the case, please refer to Note 41 b contingencies (4).
- f) In August 2010 and December 2013, NSP entered into long-term materials supply agreements with company Y. Under the agreements, company Y should supply 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 supply an agreed-upon quantity of raw materials. Under the aforementioned agreement, NSP signed an extension agreement with company X in July 2017 to extend the agreement to December 31, 2022. As of December 31, 2017, an amount of USD3,918 thousand (\$113,128 thousand) was recorded under prepayment. Earlier, both parties agreed to adjust the purchase price monthly since 2012. However, in the 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 issue; 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 supply 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 supply 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, 2017, an amount of USD5,565 thousand (\$161,150 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.
- i) In October 2015, NSP entered into a long-term agreement with company CY. Under the agreement, company CY 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 payments from December 2015 to October 2026. For the nine months ended December 31, 2017, NSP recognized \$44,249 thousand in losses on purchase agreements and on December 31, 2016, NSP recognized \$245,006 thousand in losses on purchase agreements and \$564,510 thousand in impairment losses on prepayments to suppliers in accordance with an assessment of the agreement. Under the agreement, if NSP delays the payments, company CY is entitled to request interest on the delayed payments at a rate already agreed on by both parties.

2) Material sell-buy agreements:

As of December 31, 2017, 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
Yong Yeh	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
GES Solar 2	Good Energy Limited, UK	20 years	Sale of electricity to third parties without prior permission is disallowed
GES Solar 3	Good Energy Limited, UK	20 years	Sale of electricity to third parties without prior permission is disallowed
ASSET ONE	Boretech Resource Recovery Eng LLC, UK	25 years	Sale of electricity to third parties without prior permission is disallowed

(Continued)

Company Name	Buyer	Duration	Note
CEDAR FALLS	Cedar Falls Utilities	25 years	Sale of electricity to third parties without prior permission is disallowed
MEGAEIGHT	Oakdale Golf and Country Club	20 years	Sale of electricity to third parties without prior permission is disallowed
MEGATWELVE	Northern Indiana Public Service Company, USA	15 years	Sale of electricity to third parties without prior permission is disallowed
ELEEELE	QSI, Inc.	20 years	Sale of electricity to third parties without prior permission is disallowed
HANALEI	QSI, Inc.	20 years	Sale of electricity to third parties without prior permission is disallowed
KAPAA	QSI, Inc.	20 years	Sale of electricity to third parties without prior permission is disallowed
KOLOA	QSI, Inc.	20 years	Sale of electricity to third parties without prior permission is disallowed
WAIMEA	QSI, Inc.	20 years	Sale of electricity to third parties without prior permission is disallowed
MEGAFIVE	U.S. BOROUGH OF WASHINGTON	15 years	Sale of electricity to third parties without prior permission is disallowed
KINECT	The Club Inc.	20 years	Sale of electricity to third parties without prior permission is disallowed
JRC	Dominican (Corporación Dominicana de Empresas Eléctricas Estatales) CDEEE	20 years	Sale of electricity to third parties without prior permission is disallowed
RER CT57	USA Town of East Haddam	25 years	Sale of electricity to third parties without prior permission is disallowed
Si One (Note)	Taiwan Power Company	20 years	Sale of electricity to third parties without prior permission is disallowed
GES ME	Dubai DP World FZE	20 years	Sale of electricity to third parties without prior permission is disallowed
MEGANINETEEN	Brookside Golf & Country Club	20 years	Sale of electricity to third parties without prior permission is disallowed
MEGATWENTY	Tracy Golf & Country Club	25 years	Sale of electricity to third parties without prior permission is disallowed

(Continued)

Company Name	Buyer	Duration	Note
Hashimoto	Kansai Electric Power Co., Inc.	20 years	Sale of electricity to third parties without prior permission is disallowed
Anderson N.	Indiana Municipal Power Agency	25 years	Sale of electricity to third parties without prior permission is disallowed
Anderson S.	Indiana Municipal Power Agency	25 years	Sale of electricity to third parties without prior permission is disallowed
Flora	Indiana Municipal Power Agency	25 years	Sale of electricity to third parties without prior permission is disallowed
Greenfield	Indiana Municipal Power Agency	25 years	Sale of electricity to third parties without prior permission is disallowed
Spiceland	Indiana Municipal Power Agency	25 years	Sale of electricity to third parties without prior permission is disallowed
(Concluded)			

Note: On November 30, 2016, NSP System entered into an agreement, regarding an acquisition of facilities which acquired interconnection certificates from Taiwan Power Company, with Si One. The board of directors has approved to sell those facilities through operating sales to Chailease Finance Co., Ltd. (Chailease Finance). However, the contract subject has not been transferred, and the disposal of the facilities and the settlement procedure for the related agreement will be completed on August 31, 2017. As of December 31, 2017, preparation of related document is in progress.

Yong Liang entered into a sell-buy agreement, which included the agreement on the sale of 26 facilities and other related agreements, with Chailease Finance Co., Ltd. (Chailease Finance) in March 2016. The agreement specified that Yong Liang was obliged to assist in all paper work relevant to the alteration, which should be completed by September 30, 2016, and to submit guarantee deposits of \$25,000 thousand to Chailease Finance. Chailease Finance will return the guarantee deposits after all the obligations has been fulfilled. As of December 31, 2017, preparation of related document is in progress.

All transactions in the sale of 71 facilities of Yong Tang were completed on September 30, 2014. Because partial facilities have not obtained the registration certificate of power generation facilities and some flaws in the rental agreement need to be supplemented and corrected, the Corporation needed to submit guarantee deposits of \$5,615 thousand of the construction in progress as of December 31, 2017. The settlement agreement was reached between the parties; the security deposit is expected to be collected during 2018.

- 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 \$ 3,751,692 thousand and the unpaid amount was \$2,604,414 thousand as of December 31, 2017.

BPS, NSP System and GES ME have obtained orders for power facility construction and contracted the projects out to contractors. BPS entered into construction and material contracts with the contractors with a total contract price of \$39,697 thousand and the unpaid amount was \$25,691 thousand as of December 31, 2017. NSP System entered into construction contracts with the contractors with a total contract price of \$913,323 thousand and the unpaid amount was \$607,193

thousand as of December 31, 2017. GES ME entered into construction contracts with the contractors with a total contract price of US \$21,261 thousand and the unpaid amount was US \$1,931 thousand as of December 31, 2017.

- 4) GES entered into equity purchase or assets purchase agreements with several companies with a total contract price of \$256,590 thousand and the unpaid amount was \$127,603 thousand as of December 31, 2017.
- 5) Unused letters of credit amounted to approximately EUR \$20 thousand, US \$302 thousand and NT \$21,100 thousand as of December 31, 2017.

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 in project payments and interest calculated at 5% per year. NSP already filed a plea and counterplea on this case. The appraiser delivered the appraisal report to the court on January 18, 2016. On October 21, 2016, the Hsin-chu district court ruled that NSP should pay M+W \$124,948 thousand. NSP lodged an appeal on December 26, 2016, and reconciled in a court on July 21, 2017.

In August 2017, the amount of \$124,948 thousand had been paid by NSP.

- 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, the DOC announced its preliminary determination of a dumping margin, and NSP received a cash deposit dumping margin of 19.5%. The tariffs in general are to be covered by the importer itself; hence, there will be no significant impact on the Corporation. In addition, the Corporation has submitted a request to the Court of International Trade to review the Corporation's claim that it was not engaged in any form of dumping in hope of receiving the best tariff rate. There was a verdict that the court did not accept the Corporation's prosecution request, which will have no significant impact on the Corporation. The Corporation applied for another administrative review by the DOC in February 2017 to ensure that it was not engaged in any form of dumping to receive the best tariff rate in 2018. It is expected that the result will be available in April 2018.

- 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. 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, a CD group company, reached an agreement on December 30, 2015 after mediation. According to the agreement, CEEG (Shanghai) would propose a specific payment schedule with an expected repayment of RMB48,230 thousand and CEEG (Nanjing) assumed joint liability.

CD Group did not make payments according to the terms of the above payment schedule; hence, the Corporation has entrusted a law firm to apply for a compulsory enforcement of the award. As of July 3, 2017, RMB11,806 thousand of CD Group was successfully seized and wired to the Corporation through the enforcement of the court. As of March 30, 2018, the Corporation received RMB4,539 thousand acceptance bills or remittance. The law firm along with the court continuously conduct subsequent investigations on CD Group's assets. On September 7, 2016, through the court, the Corporation seized CEEG's (Shanghai) finished solar cells goods and production equipment. The court will appraise and auction the seized assets in collaboration with a law firm. The auction process was completed and the Corporation received 4,100 solar cells goods in place of payment of RMB2,230 thousand. CEEG Shanghai promised to make a monthly payment of RMB300 thousand from the remainder in the subsequent periods. The Corporation 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. The Corporation received acceptance bills and remittance amount of RMB3,000 thousand in February 2016 and received RMB764 thousand award of compulsory enforcement in September 18, 2017.

In addition, the controversy associated with payment for goods between the Corporation and CEEG's (Shanghai): In August 2016, the Corporation has entrusted a law firm to go to arbitration for the overdue payment of CD Group's CEEG (Shanghai) in the China International Economic and Trade Arbitration Commission (CIETAC). The Corporation requested payment of USD1,255 thousand. The Corporation prevailed in the proceeding on December 23, 2016, and CEEG (Shanghai) has to pay USD1,254 thousand in overdue payments and USD25 thousand in overdue penalties to the Corporation. The Corporation has applied to the court for a compulsory enforcement of the award.

- 4) In the controversy of whether to continuously perform the supply agreement, company K requested the help of Hsin-chu district court on January 13, 2016 to demand payment of \$10,000 thousand in partial claims. The company K requested to increase the payment to \$500,000 thousand in August 2016. NSP has filed a counterclaim against the company K to Hsin-chu district court on March 21, 2017 to reimburse prepayment and to demand payment of \$20,000 thousand in partial claims.

On October 13, 2017, the Hsin-chu district court ruled that NSP should pay company K \$500,000 thousand and accrued interest payable at 5% per annum beginning from December 31, 2015. Simultaneously, Hsin-chu district court dismissed NSP's request for return of advance payment against supplier K. In the first court session, NSP considered the result of verdict as having a lot of violations; thus, NSP has engaged an attorney to lodge an appeal to safeguard the legitimate rights of NSP. Based on conservatism concept, NSP accrued a potential loss and necessary adjustment will be made depending on the ruling.

- 5) In March 2015, NSP received a notice of arbitration initiated by the controversy that resulted from the long-term materials supply agreement, which was signed in February 2008, between DelSolar and company AH. NSP believed that there were unsolved issues on the long-term materials supply agreement which will need further clarification from both parties. Therefore, NSP engaged an attorney to assist on the process.

AH, the raw material supplier, requested that NSP pay the remaining unpaid amount of EUR36,089 thousand for the incomplete work under the outstanding WAFER procurement contract from 2009 to 2012, which was signed between the supplier and NSP before the acquisition of DelSolar. AH also requested that NSP pay additional interest and other expenses for delaying the performance obligation. AH, the supplier, recorded the above issue and communicated it with the arbitration

tribunal. Furthermore, during the period from 2013 to 2015 (after the acquisition of DelSolar), the remaining unpaid amount of EUR68,372 thousand should be paid by NSP with additional interest and other expenses to AH, the supplier, under the WAFER procurement contract. However, the material supplier has not yet presented any probable or reliably measurable obligations to NSP. NSP received the result of arbitration in November 2017, the tribunal ruled that NSP should comply with the conditions of the purchase agreement. However, in consideration of the transaction price of wafer each year, significant reduction of the agreed price is necessary. The tribunal adjudicated that EUR28,160 thousand should be paid by NSP with additional interest to AH and AH should grant 22,908 thousand pieces of wafers to NSP. Having made a preliminary assessment, NSP evaluated the impact of the arbitration was immaterial. On May 31, 2013, the acquisition date of DelSolar, NSP has provided reserves USD15,454 and accrued a probable losses and interest expense with the result of the arbitration. The Corporation continues to negotiate the arrangement with the source material suppliers to reach the best possible compensation proposal for the Corporation.

- 6) G ENERGY CO., LTD. (G ENERGY) purchased modules from NSP and defaulted on the payment of \$70,860 thousand. NSP has filed a petition to Kaohsiung district court for an order of provisional attachment of the claims on G ENERGY's assets. NSP requested the help of the Kaohsiung district court, a common pleas court, to request G ENERGY to return payment for goods in January 2017. The responsible person of G ENERGY had signed a promissory note of \$9,548 thousand to secure the abovementioned defaulted payment. Therefore, NSP has filed a petition for compulsory enforcement of the promissory note and also accrued losses on account receivables from G ENERGY in full. In September 2017, the Kaohsiung district court ruled that G ENERGY should pay NSP company \$70,862 thousand and accrued interest payable 1.05% per month. By the declaratory judgment, since G ENERGY did not appeal within the term, NSP will apply for a compulsory enforcement with a final judgment.
- 7) Company CE has requested an arbitration on the controversy between company CE and its third-party vendor company G at the Hong Kong International Arbitration Centre, where its arbitral awards are enforced and recognized by ROC courts. With respect to the enforcement of such arbitral awards, company CE requested the issuance of an order for attachment and an order for transfer of NSP's debentures of payments of goods. NSP made a statement that NSP continuously disagreed with the demand of company CE since February 2016; therefore, company CE advocated that NSP should pay a total of \$60,480 thousand and an accrued interest payable at 5% per annum. In August 2017, the Hsin-chu district court ruled that NSP should pay CE company \$60,480 thousand and accrued interest payable 5% per annum. As company CE has applied for the implementation of debt restructuring in mainland China with its third party vendor company G, and NSP instructed legal counsels to subsequently answer the charges. NSP considered the result of the verdict as having a lot of violation, and has engaged an attorney to lodge an appeal. NSP has accrued a probable losses and will adjust any amount base on the result of such verdict, if necessary.
- 8) The dispute over the buy-sell agreement between DelSolar Wu Jiang and company JE, was admitted to the Shanghai Jiading People's Court on July 25, 2016, and the first, the second and the third court sessions were heard on September 7, 2016, November 25, 2016 and March 4, 2017, respectively. The total amount involved was RMB5,947 thousand, which was composed of a return of advance payments of RMB5,406 thousand, a penalty of RMB500 thousand, and interest losses of RMB41 thousand accrued as of the court filing date. Regarding to the circumstances of the case, DelSoar Wu Jiang has changed the litigation strategy and decided to withdraw the lawsuit on July 6, 2017. On July 10, 2017, DelSoar Wu Jiang has again appealed to the court requiring JE to pay back the prepayments of RMB4,071 thousand, with monetary losses in terms of interest payments incurred from June 23, 2016 to the day on which the appeal was made; the interest was based on the bank interest rate of the comparable period. On December 5, 2017, the trial proceeded. Since certain factual findings of the case have yet to be proven, the next trial date will be set by notice of a judge.

- 9) JRC, a subsidiary of GES, has claimed compensations of USD900 thousand and DOP5,000 thousand (approximately \$32,463 thousand) due to a consultancy agreement's lawsuit, which is currently in the Dominican General Court. As of December 31, 2017, there is no result of the lawsuit. According to the letter from the lawyer, the chance of success has not yet been ascertained. Thus, the Corporation did not estimate the amount of that loss.
- 10) The dispute over the buy-sell agreement between DelSolar Wu Jiang and company CZ, has been filed a petition to Wu Jiang People's Court by DelSolar Wu Jiang for an order of claiming company CZ's payment of RMB7,798 thousand, a penalty of RMB693 thousand as of February 3, 2017, the penalty from February 4, 2017 to the date of settlement, and the case acceptance fee and has reconciled on June 15, 2017. CZ company was requested for a payment of RMB7,798 thousand by installment payment, a penalty of RMB872 thousand (as of May 8, 2017) and the case acceptance fee RMB44 thousand. CZ company did not make payments according to the terms of the payment schedule; hence, DelSolar Wu Jiang has entrusted a law firm to apply for a compulsory enforcement of the award. CZ company paid the amount of RMB7,816 thousand as of March 30, 2018. A company real estate and two vehicles have been seized by the court and the proceeds are requested to settle all outstanding balances owed to DelSolar Wu Jiang by auction in court.

42. SIGNIFICANT DENOMINATED IN FOREIGN CURRENCIES ASSETS AND LIABILITIES

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

	December 31			
	2017		2016	
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)
<u>Financial assets</u>				
Monetary assets				
USD	\$ 212,131	29.8480	\$ 162,184	32.2790
USD (Note 2)	928	6.5527	2,959	6.9615
EUR	18,675	35.4860	23,410	33.9820
EUR (Note 2)	-	-	32	7.3288
JPY	45	0.2634	627,125	0.2754
JPY (Note 2)	-	-	7,397	0.0594
RMB	30	4.5551	3,783	4.6368
GBP	13,818	40.0205	1,617	39.5916
DOP	1,579	0.6179	2,833	0.6824
Non-monetary assets				
USD	1,094	29.8480	1,172	32.2790
JPY	-	-	112,723	0.2754
USD	62	29.8900	62	30.9264
EUR	600	37.6500	600	37.6500

(Continued)

	December 31			
	2017		2016	
	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)	Foreign Currencies (In Thousands)	Exchange Rate (Note 1)
<u>Financial liabilities</u>				
Monetary liabilities				
USD	\$ 254,156	29.8480	\$ 220,113	32.2790
USD (Note 2)	8	6.5527	501	6.9615
USD (Note 3)	1,529	64.3137	1,529	68.0417
EUR	8,229	35.4860	5,508	33.9820
EUR (Note 2)	210	7.7904	14,589	7.3288
JPY	34,500	0.2634	2,676	0.2754
JPY (Note 2)	-	-	544	0.0594
GBP	21	40.0205	-	-
RMB	6,749	4.5551	3,894	4.6368
DOP	1,132	0.6179	-	-
				(Concluded)

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

Note 2: Exchange rates between foreign currencies and RMB.

Note 3: Exchange rates between foreign currencies and INR.

For the year ended December 31, 2017 and 2016, realized and unrealized foreign exchange gains (losses) were \$73,979 thousand and \$(13,536) 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.

43. SEPARATELY DISCLOSED ITEMS

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

- a. Financings provided to others: Table 1 (attached)
- b. Endorsements/guarantees provided: Table 2 (attached)
- c. Marketable securities held (not including investments in subsidiaries, associates, and joint ventures): Table 3 (attached)
- d. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Table 4 (attached)
- e. Acquisition of individual real estate at costs of at least \$300 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least \$300 million or 20% of the paid-in capital: Table 5 (attached)

- g. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Table 6 (attached)
- h. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Table 7 (attached)
- i. Trading in derivative instruments: Table 7 (attached)
- j. Related information of investees over which the Corporation exercises significant influence: Table 8 (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 9 (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 10 (attached)
- l. Intercompany relationships and significant intercompany transactions: Table 11 (attached)

44. SEGMENT INFORMATION

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

- a. Segment revenue and operating results

	Segment Revenue			
	For the Year Ended December 31			
	2017		2016	
	From External Customers	Inter-segment Sales	From External Customers	Inter-segment Sales
Modules	\$ 5,006,856	\$ 810,768	\$ 5,415,999	\$ 547,421
Solar cells	3,863,086	85,169	10,421,694	575,791
Power facilities	484,151	-	621,370	-
Others	<u>893,794</u>	<u>90,465</u>	<u>78,062</u>	<u>417,494</u>
Total for continuing operations	<u>\$ 10,247,887</u>	<u>\$ 986,402</u>	<u>\$ 16,537,125</u>	<u>\$ 1,540,706</u>

	Segment Profit or Loss	
	For the Years Ended	
	December 31	
	2017	2016
Solar cells	\$ (1,376,193)	\$ (1,580,447)
Modules	(1,036,959)	(483,565)
Power facilities	347,209	236,763
Others	<u>70,615</u>	<u>(46,498)</u>
Gross loss of reportable segments	(1,995,328)	(1,873,747)
Unrealized intercompany (loss) profit	<u>(11,933)</u>	<u>(38,626)</u>
	(1,983,395)	(1,912,373)
Unallocated amount		
Operating expenses	(1,751,181)	(2,065,022)
Other income and expenses	(158,372)	(2,373,564)
Non-operating income and expenses	<u>(237,778)</u>	<u>(64,648)</u>
Net loss profit before income tax	<u>\$ (4,130,726)</u>	<u>\$ (6,415,607)</u>

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

b. Segment assets

The Corporation does not provide information on assets regularly 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	
	2017	2016
Modules	\$ 5,006,856	\$ 5,415,999
Solar cells	3,863,086	10,421,694
Power facilities	484,151	621,370
Others	<u>893,794</u>	<u>78,062</u>
	<u>\$ 10,247,887</u>	<u>\$ 16,537,125</u>

d. Geographical information

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2017	2016	2017	2016
Taiwan	\$ 3,339,331	\$ 2,103,545	\$ 6,672,089	\$ 8,987,020
Germany	2,260,769	3,042,424	-	-
China	1,211,172	6,737,691	714,827	917,264
USA	1,024,351	934,078	1,572,469	910,107
Mexico	12,033	-	717,760	-
United Arab Emirates	1,382	-	620,470	-
Others	<u>2,398,849</u>	<u>3,719,387</u>	<u>865,284</u>	<u>1,282,813</u>
	<u>\$ 10,247,887</u>	<u>\$ 16,537,125</u>	<u>\$ 11,162,899</u>	<u>\$ 12,097,204</u>

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

e. Information about major customers

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

	For the Year Ended December 31			
	2017		2016	
	Amount	%	Amount	%
Custom CO	\$ 1,358,778	13	\$ 1,657,904	10
Custom BS	NA (Note)	NA (Note)	2,653,347	16

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

TABLE 1

NEO SOLAR POWER CORP. AND SUBSIDIARIES

FINANCINGS PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)

Financing Company	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	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	CFY	Other receivables from related parties	Yes	\$ 1,532,500	\$ 915,090	\$ 367,800	5.00%	2	\$ -	Operating capital	\$ -	-	\$ -	\$ 1,107,940 (Notes 2, 3,4 and 5)	\$ 2,215,880	2
	GES UK	Other receivables from related parties	Yes	1,109,500	1,109,500	1,109,500	2.8%	2	-	Operating capital	-	-	-	1,107,940 (Notes 2, 3,4 and 5)	2,215,880	2
GES	GES UK	Other receivables from related parties	Yes	234,500	-	-	-	2	-	Operating capital	-	-	-	186,495 (Notes 2, 3,4 and 5)	745,979	2
	Ever Lite	Other receivables from related parties	Yes	30,000	20,000	20,000	2.2%	2	-	Operating capital	-	-	-	186,495 (Notes 2, 3,4 and 5)	745,979	2
	GES USA	Other receivables from related parties	Yes	93,000	93,000	93,000	2.2%	2	-	Operating capital	-	-	-	186,495 (Notes 2, 3,4 and 5)	745,979	2
GES UK	GES JAPAN	Other receivables from related parties	Yes	320,160	221,200	221,200	2.2%	2	-	Operating capital	-	-	-	2,844,757 (Notes 2, 3,4 and 5)	2,844,757	2
	GES USA	Other receivables from related parties	Yes	381,250	381,250	381,250	2.2%	2	-	Operating capital	-	-	-	2,844,757 (Notes 2, 3,4 and 5)	2,844,757	2
	GES KYUSHU	Other receivables from related parties	Yes	155,201	86,800	86,800	2.2%	2	-	Operating capital	-	-	-	284,476 (Notes 2, 3,4 and 5)	1,137,903	2
DeSolar Wu Jiang	NSP Nanchang	Other receivables from related parties	Yes	318,185	318,185	318,185	2.73%	2	-	Operating capital	-	-	-	1,506,070 (Notes 2, 3,4 and 5)	1,506,070	2

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

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

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

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

Note 5: GES's total amount of financing for short-term financing need should not exceed 40% of net asset value and the financing for a counterparty should not exceed 10% of net asset value.

Note 6: Overseas subsidiaries wholly-owned directly or indirectly by NSP and GES are not subject to Note 2. The financing company's total financing should not exceed three years and the total amount of financing and the financing for a counterparty should not exceed 100% of net asset value.

TABLE 2

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars)**

No.	Financing Company	Counterparty		Limits on Endorsement/ Guarantee Amount Provided to Each Counterparty (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	NSP UK	Subsidiary	\$ 2,215,880	\$ 360,900	\$ 360,900	\$ 240,600	\$ -	3.26	\$ 5,539,701	YES	-	-
		NSP System	Subsidiary	2,215,880	500,000	500,000	307,100	-	4.51	5,539,701	YES	-	-
		GES	Subsidiary	2,215,880	1,420,000	1,403,000	1,339,830	-	12.66	5,539,701	YES	-	-
		DelSolar HK	Subsidiary	2,215,880	32,500	-	-	-	-	5,539,701	YES	-	-
		GES UK	Subsidiary	2,215,880	427,000	310,000	310,000	-	2.80	5,539,701	YES	-	-
		CFR	Subsidiary	2,215,880	650,000	310,000	310,000	-	2.80	5,539,701	YES	-	-
1	GES	Yong Liang	Subsidiary	1,864,948	550,000	437,250	136,352	-	23.45	3,729,896	YES	-	-
		Yong Han	Subsidiary	1,864,948	1,250,000	1,000,000	119,030	-	53.62	3,729,896	YES	-	-
		Yun Yeh	Subsidiary	1,864,948	50,000	15,594	15,468	-	0.84	3,729,896	YES	-	-
		GES UK	Subsidiary	1,864,948	934,000	578,900	500,867	-	31.04	3,729,896	YES	-	-
		GES USA	Subsidiary	1,864,948	835,949	296,567	136,197	-	15.90	3,729,896	YES	-	-
		MUNISOL	Subsidiary	803,677	346,632	134,532	134,532	-	16.74	1,607,354	YES	-	-
2	GES USA	MEGASIXTEEN	Subsidiary	803,677	510,000	510,000	510,000	-	63.46	1,607,354	YES	-	-

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 GES,” the ceiling for total guaranteed amount was 200% of GES’s 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 audited or reviewed financial statements.

TABLE 3

NEO SOLAR POWER CORP. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(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, 2017				Note
				Shares (Thousands/ Units)	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
NSP	<u>Shares</u> TTMC	Investee	Available-for-sale financial assets - non-current	4,000	\$ 59,000	5.44	\$ 59,000	Note 2
	SUN APPENNINO CORPORATION	Investee	Financial assets carried at cost - non-current	-	22,590	26.09	22,590	Note 1
	FICUS CAPITAL CORPORATION	Investee	Financial assets carried at cost - non-current	-	1,259	28.07	1,259	Note 1
GES	<u>Shares</u> Puttable preference shares - Phanes Holding	Other related party	Debt investment with no active market - non-current	24	149,240	100.00	149,240	Note 2
Prime Energy	<u>Shares</u> TTMC	Investee	Available-for-sale financial assets - non-current	359	5,815	0.49	5,815	Note 2
	EXOJET	Investee	Financial assets carried at cost - non-current	5,885	30,100	14.43	30,100	Note 1
New Ray Investment	<u>Shares</u> TTMC	Investee	Available-for-sale financial assets - non-current	3,000	44,250	4.08	44,250	Note 2
GES USA	<u>Shares</u> TG ENERGY SOLUTIONS LLC	Investee of 10% shares	Financial assets carried at cost - non-current	-	597	10.00	597	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 the amount is based on quoted market prices; and for those that cannot be traded during the lock-up period, the amount is based on relevant market prices.

Note 3: 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, 2017.

TABLE 4

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Shares	Shares	Shares	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount
NSP	GES	Investment accounted for using the equity method	-	Subsidiary	145,096	\$ 1,449,400	46,104	\$ 397,012	-	\$ -	\$ -	\$ -	191,200	\$ 1,846,412
	GES ME	Investment accounted for using the equity method	-	Subsidiary	-	-	4	353,995	-	-	-	-	4	353,995
GES	Abacus	Investment accounted for using the equity method	Godo Kaisha ASGJ PROJECT2	-	-	51,314	-	-	-	351,125	125,973	223,490	-	-
	GES UK	Investment accounted for using the equity method		Subsidiary	74,000	2,074,736	30,090	711,357	-	-	-	-	104,090	2,786,093
GES UK	GES USA	Investment accounted for using the equity method		Subsidiary	18,780	675,023	9,900	106,039	-	-	-	-	28,680	781,062
GES AC	Anderson N.	Investment accounted for using the equity method	-	Subsidiary	-	-	13,507	403,155	-	-	-	-	13,507	403,155
	Anderson S.	Investment accounted for using the equity method	-	Subsidiary	-	-	11,454	341,882	-	-	-	-	11,454	341,882

Note 1: Included subsidiaries’ issued common shares for cash, the investments in subsidiaries this period, shares of the gain and loss of associates and joint venture and exchange differences in translating foreign operation.

Note 2: The transactions were eliminated in consolidated report.

TABLE 5

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**DISPOSAL OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST \$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Seller	Property	Event Date	Original Acquisition Date	Carrying Amount	Transaction Amount	Collection	Gain (Loss) on Disposal (Note 2)	Counterparty	Relationship	Purpose of Disposal	Price Reference	Other Terms
NSP	Plant in Jhunan Science Park	2017/7/11	2013/5/31 to 2017/8/23	\$ 1,161,928	\$ 1,173,029	As per agreement	\$ 2,160	Maxchip Electronics Corporation	Not related-party	Dispose idle plant	Note 1	-

Note 1: Plant in Jhunan Science Park was appraised by Savills and CCIS Real Estate Appraisers Firm.

Note 2: Included necessary expenses in disposal of plant.

TABLE 6

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST \$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
NSP	NSP Nanchang	Subsidiary	Purchase	\$ 101,227	1.71	7 days from goods receipt	\$ -	-	\$ (24,617)	2.71	1
	NSP System	Subsidiary	Sale	254,818	2.79	60 days from the invoice date	-	-	42,196	2.46	1
	Clean Focus Corporation	Associate	Sale	133,132	1.46	60 days from the invoice date	-	-	94,861	5.53	1
NSP System	Si One	Associate	Sale	415,971	76.53	15 days from the invoice date	-	-	31,799	60.15	2
	Da Li Energy	Associate	Sale	124,133	22.84	15 days from the invoice date	-	-	19,432	36.76	2
GES	MUNISOL	Subsidiary	Sale	230,726	60.06	Open account 180 days	-	-	-	-	1
GES USA	MEGASIXTEEN	Subsidiary	Sale	542,240	78.53	By contract	-	-	532,210	92.10	1

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

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

TABLE 7

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, 2017

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

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount	Balance as of December 31, 2017		Net Income (Loss) of the Investee	Investment Gain (Loss)
					Amount	Action Taken		
NSP	CFY	Associate	\$ 362,935	-	\$ -	Receivable according to the financial situation	\$ -	\$ -
	DelSolar US	Subsidiary	1,038,741	-	-	Receivable according to the financial situation	-	-
	GES UK	Subsidiary	1,054,803	-	-	Receivable according to the financial situation	-	-
	GES ME	Subsidiary	389,403	-	-	Receivable according to the financial situation	-	-
	NSP NEVADA	Subsidiary	899,822	0.04	32,216	Receivable according to the financial situation	-	-
	NSP UK	Subsidiary	504,024	-	-	Receivable according to the financial situation	-	-
	GES	Subsidiary	404,868	0.09	333,918	Receivable according to the financial situation	-	-
DelSolar Wu Jiang	NSP Nanchang	Subsidiary	392,528	-	-	Receivable according to the financial situation	-	-
NSP UK	NSP Indygen	Subsidiary	752,911	-	-	Receivable according to the financial situation	-	-
DelSolar US	CFR	Subsidiary	952,504	-	-	Receivable according to the financial situation	-	-
NSP NEVADA	MEGASEVEN	Subsidiary	116,808	-	-	Receivable according to the financial situation	-	-
	MEGAFIFTEEN	Subsidiary	120,958	-	-	Receivable according to the financial situation	-	-
NSP Indygen	CLAY CROSS	Subsidiary	102,936	-	-	Receivable according to the financial situation	-	-
	Bryncrynu	Subsidiary	100,673	-	-	Receivable according to the financial situation	-	-
	Meadowley	Subsidiary	132,884	-	-	Receivable according to the financial situation	-	-
CFR	CF Lessee LOB LLC	Associate	1,135,657	-	-	Receivable according to the financial situation	-	-
	CF Vegas Holding LLC	Associate	183,314	-	-	Receivable according to the financial situation	-	-
GES	GES USA	Subsidiary	405,673	2.02	86,372	Receivable according to the financial situation	30,313	-
	GES KYUSHU	Subsidiary	168,314	-	74,416	Receivable according to the financial situation	-	-
	Yong Yao	Subsidiary	177,394	-	-	Receivable according to the financial situation	40,000	-
GES JAPAN	GES	Parent company	161,478	-	161,478	Receivable according to the financial situation	-	-
	Hashimoto	Subsidiary	218,408	-	218,307	Receivable according to the financial situation	2,371	-
	GES KYUSHU	Subsidiary	202,420	-	202,420	Receivable according to the financial situation	-	-
GES UK	GES JAPAN	Subsidiary	212,165	-	-	Receivable according to the financial situation	-	-
	GES USA	Subsidiary	377,113	-	-	Receivable according to the financial situation	-	-
	JRC	Grandson company	1,483,561	-	1,470,789	Receivable according to the financial situation	16,118	-

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount	Balance as of December 31, 2017		Net Income (Loss) of the Investee	Investment Gain (Loss)
					Amount	Action Taken		
GES USA	MEGASIXTEEN	Subsidiary	\$ 547,340	2.04	\$ -	Receivable according to the financial situation	\$ 532,210	\$ -
MEGASEVEN	MUNISOL	Subsidiary	628,546	-	288,194	Converted to investment	-	-
	GES USA	Parent company	119,116	-	119,116	Receivable according to the financial situation	-	-
MEGAFIFTEEN	GES USA	Parent company	142,110	-	142,110	Receivable according to the financial situation	-	-
MEGASIXTEEN	GES AC	Subsidiary	829,252	-	-	Receivable according to the financial situation	829,246	-
USD1	DevCo One	Joint Venture	132,116	-	-	Receivable according to the financial situation	-	-
	DevCo Two	Joint Venture	132,116	-	-	Receivable according to the financial situation	-	-

(Concluded)

TABLE 8

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, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Shares (Thousands)	% of Ownership	Carrying Value			
NSP	DelSolar Cayman	Cayman Islands	Investment company	\$ 4,582,166	\$ 4,427,839	144,626	100.00	\$ 2,112,365	\$ (276,089)	\$ (274,141)	Note 1
	NSP BVI	British Virgin Islands	Investment company	1,426,179	1,426,179	45,001	100.00	1,278,419	(67,230)	(67,230)	Note 1
	GES	Hsin-chu, Taiwan	Electronic component manufacturing and selling	3,070,777	2,116,408	191,200	100.00	1,846,412	41,016	20,652	Notes 1 and 12
	NSP System	Tainan, Taiwan	Investment company	144,200	144,200	14,420	100.00	162,163	41,841	20,906	Note 1
	New Ray Investment	Tainan, Taiwan	Investment company	115,000	115,000	11,500	100.00	57,518	1,677	1,677	Note 1
	V5 Technology	Hsin-chu, Taiwan	Electronic component manufacturing and selling	114,084	114,084	7,790	41.43	72,402	(30,871)	(17,378)	Notes 1 and 11
	Prime Energy	Tainan, Taiwan	Electronic component manufacturing and selling	90,000	90,000	9,000	100.00	50,832	102	102	Note 1
	BPS	Tainan, Taiwan	Solar related business	6,000	6,000	600	60.00	9,595	8,556	4,730	Note 1
	NSP UK	London, UK	Investment company	138,967	3,947	3,580	100.00	117,666	(20,764)	(20,764)	Note 1
	New Castle	Kaohsiung, Taiwan	Investment company	-	550	-	-	-	(13)	(13)	Notes 1 and 9
	DelSolar Singapore	Singapore	Investment company	29,743	24,320	1,250	100.00	(18,127)	(534)	(534)	Note 1
	Neo Cathay	Tainan, Taiwan	Investment company	600,000	600,000	60,000	40.00	599,173	846	338	Note 1
	GES ME	Dubai	Solar related business	418,805	-	4	100.00	353,995	(1,244)	(1,244)	Notes 1 and 10
	JNV Solar Power	Taipei, Taiwan	Solar related business	10,500	-	1,050	35.00	9,316	(3,382)	(1,184)	Note 1
	Yong Liang	Hsin-chu, Taiwan	Solar related business	219,000	219,000	21,900	100.00	221,202	9,170	9,170	Note 1
	Yong Han	Hsin-chu, Taiwan	Solar related business	116,000	36,000	11,600	100.00	115,175	1,000	1,000	Note 1
	Yong Zhou	Hsin-chu, Taiwan	Solar related business	41,500	35,000	-	100.00	12,561	(6,008)	(6,008)	Note 1
	Ever Lite	Hsin-chu, Taiwan	Electronic component selling	6,000	6,000	-	100.00	877	(2,608)	(2,608)	Note 1
	Yun Yeh	Hsin-chu, Taiwan	Solar related business	8,000	8,000	800	100.00	8,396	695	695	Note 1
	Yong Yao	Changhua, Taiwan	Solar related business	42,000	-	4,200	100.00	41,887	(113)	(113)	Note 1
GES	Yong Shun	Hsin-chu, Taiwan	Solar related business	1,000	-	100	100.00	978	(22)	(22)	Note 1
	Abacus	Tokyo Japan	Solar related business	-	94,834	-	-	-	79,046	79,046	Notes 1 and 4
	JRC	Dominican	Solar related business	3,717	1,440	1	1.00	4,101	110,650	1,126	Note 1
	GES ME	Dubai	Solar related business	-	-	-	-	-	(951)	(951)	Notes 1 and 10
	GES UK	London, UK	Investment company	3,184,814	2,265,371	104,090	100.00	2,786,093	(18,842)	(18,842)	Note 1
	GES USA	Delaware, US	Investment company	859,768	557,200	28,680	100.00	781,062	(84,889)	(84,889)	Note 1
	NCH Solar1	London, UK	Solar related business	414,684	444,937	7,947	100.00	332,335	2,119	2,119	Note 1
	GES Solar2	London, UK	Solar related business	61,326	61,326	1,021	100.00	27,921	(272)	(272)	Note 1
	GES Solar3	London, UK	Solar related business	3,328	3,328	67	100.00	(2,159)	(1,539)	(1,539)	Note 1
	GES CANADA	Yaboda, Canada	Investment company	371,356	143,952	10,540	100.00	415,108	108,377	108,377	Note 1
GES USA	GES JAPAN	Fukuoka, Japan	Investment company	665,781	513,062	221	100.00	574,107	(19,665)	(19,665)	Note 1
	ET ENERGY	Indiana, US	Solar related business	247,759	247,759	8,400	100.00	267,766	17,512	17,512	Note 1
	TIPPING POINT	Ohio, US	Solar related business	34,471	34,471	1,155	100.00	17,123	(189)	(189)	Note 1
	MEGATWO	California, US	Solar related business	249,911	-	8,191	100.00	122,927	4,808	4,808	Note 1
	MEGATHREE	Delaware, US	Solar related business	38,606	38,606	1,284	40.00	32,650	(1,764)	(1,746)	Note 1
	MEGAFIVE	California, US	Solar related business	19,527	-	635	100.00	15,762	(1,806)	(1,806)	Note 1
	MEGASIX	California, US	Solar related business	-	-	-	-	(1,156)	(239)	(239)	Notes 1 and 3
	MEGASEVEN	California, US	Solar related business	89,026	-	-	55.00	79,307	(1,347)	(865)	Notes 1 and 8
	MEGAEIGHT	California, US	Solar related business	25,843	31,940	790	100.00	23,780	268	268	Note 1
	MEGAELEVEN	New York, US	Solar related business	56,056	-	-	55.00	52,839	(256)	(168)	Note 1 and 8
	MEGATWELVE	Indiana, US	Solar related business	5,204	-	168	100.00	4,574	(305)	(305)	Note 1
	MEGATHIRTEEN	Indiana, US	Solar related business	-	-	-	-	(943)	(667)	(667)	Notes 1 and 3
	MEGAFOURTEEN	Massachusetts, US	Solar related business	-	59,080	-	-	-	(206)	(113)	Notes 1, 4 and 8
	MEGAFIFTEEN	Massachusetts, US	Solar related business	102,067	102,067	-	55.00	91,708	(4,175)	(2,296)	Notes 1 and 8
	MEGASIXTEEN	Indiana, US	Solar related business	-	-	-	-	(5)	(5)	(5)	Notes 1, 3 and 15
	MEGANINETEEN	California, US	Solar related business	4,025	-	132	100.00	4,017	170	170	Note 1
	MEGATWENTY	California, US	Solar related business	3,769	-	124	100.00	3,956	436	436	Note 1
	ASSET ONE	California, US	Solar related business	34,229	35,448	1,060	100.00	33,042	1,366	1,366	Note 1
	ASSET TWO	California, US	Solar related business	-	-	-	-	(156)	(40)	(40)	Notes 1 and 3
	ASSET THREE	Hawaii, US	Solar related business	87,289	-	2,839	100.00	72,572	(6,886)	(6,886)	Note 1
	ASSET FOUR	California, US	Solar related business	-	-	-	-	(97)	(40)	(40)	Notes 1 and 3
	CENERGY	California, US	Solar related business	-	-	-	-	28,257	(240)	(240)	Notes 1 and 3
	SH4	California, US	Solar related business	20,665	22,647	619	100.00	19,226	332	332	Note 1
	CEDAR FALLS	Iowa, US	Solar related business	67,937	3,378	2,202	100.00	70,274	2,323	2,323	Note 1
	Schenectady	New York, US	Solar related business	-	-	-	-	(5,108)	(521)	(521)	Notes 1 and 3
	VOC	New York, US	Solar related business	-	-	-	-	(1,136)	(62)	(62)	Notes 1 and 3
	HEYWOOD	Massachusetts, US	Solar related business	55,424	-	-	55.00	52,699	(529)	(318)	Notes 1 and 8

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Shares (Thousands)	% of Ownership	Carrying Value			
GES USA	SEG	New York, US	Solar related business	\$ -	\$ -	-	-	\$ (146)	\$ (89)	\$ (89)	Notes 1 and 3
	KINECT	Hawaii, US	Solar related business	8,143	-	266	100.00	8,664	741	741	Note 1
	PER CT 57	Connecticut, US	Solar related business	62,093	-	2,031	100.00	59,022	(1,659)	(1,659)	Note 1
	MP Solar	California, US	Solar related business	99,128	-	-	55.00	97,043	(2)	(1)	Note 1
	Ventura	California, US	Solar related business	91,867	-	3,013	55.00	89,935	(2)	(1)	Note 1
GES JAPAN	GES FUKUSHIMA	Fukuoka, Japan	Solar related business	-	34,580	-	-	-	(208)	(208)	Notes 1 and 4
	GES KYUSHU	Fukuoka, Japan	Solar related business	180,132	76,116	55	100.00	122,689	(17,362)	(7,813)	Notes 1 and 14
	Hashimoto	Hoshimoto, Japan	Solar related business	55,893	10,909	5	100.00	53,160	9,306	5,722	Notes 1 and 14
GES CANADA	JRC	Dominican	Solar related business	371,967	144,562	74	99.00	397,810	110,650	109,524	Note 1
MEGATWO ASSET THREE	MUNISOL	Mexico	Solar related business	249,891	-	8,191	100.00	171,785	4,909	4,909	Note 1
	SHIMA'S	Hawaii, US	Solar related business	-	-	-	-	(125)	(87)	(87)	Note 1 and 3
	WAIMEA	Hawaii, US	Solar related business	16,185	-	526	100.00	16,361	655	655	Note 1
	HONOKAWAI	Hawaii, US	Solar related business	-	-	-	-	(163)	(166)	(166)	Notes 1 and 3
	ELEELE	Hawaii, US	Solar related business	19,589	-	637	100.00	20,025	1,020	1,020	Note 1
	HANALEI	Hawaii, US	Solar related business	8,595	-	280	100.00	8,296	(53)	(53)	Note 1
	KAPAA	Hawaii, US	Solar related business	23,391	-	761	100.00	22,900	193	193	Note 1
	KOLOA	Hawaii, US	Solar related business	17,506	-	569	100.00	17,771	787	787	Note 1
	GES AC	Indiana, US	Solar related business	179,033	-	-	67.59	175,722	-	-	Notes 1, 13 and 15
	Anderson N.	Indiana, US	Solar related business	410,752	-	13,507	100.00	403,155	-	-	Notes 1, 13 and 15
GES AC	Anderson S.	Indiana, US	Solar related business	348,325	-	11,454	100.00	341,882	-	-	Notes 1, 13 and 15
	Flora	Indiana, US	Solar related business	58,235	-	1,915	100.00	57,158	-	-	Notes 1, 13 and 15
	Greenfield	Indiana, US	Solar related business	262,480	-	8,631	100.00	257,625	-	-	Notes 1, 13 and 15
	Spiceland	Indiana, US	Solar related business	38,767	-	1,275	100.00	38,050	-	-	Notes 1, 13 and 15
	CFY	Cayman Islands	Investment company	USD 39,000	USD 39,000	9,672	24.46	USD 38,025	USD 3,107	USD 338	Note 2
NSP BVI	CFGP	British Virgin Islands	Solar Operations management services	USD 6,000	USD 6,000	30	60.00	USD 4,169	USD (1,803)	USD (1,888)	Note 1
	NSP Stars	British Virgin Islands	Trust company	USD -	USD -	-	-	USD -	USD -	USD -	Note 1
	NSP HK	Hong Kong	Solar related business	USD -	USD -	-	100.00	USD (3)	USD -	USD -	Notes 1 and 3
	DelSolar HK	Hong Kong	Investment company	USD 125,200	USD 125,200	125,200	100.00	USD 54,236	USD (12,259)	USD (12,259)	Note 1
DelSolar Cayman	DelSolar US	Delaware, US	Investment company	USD 14,800	USD 14,800	1	100.00	USD 12,203	USD 3,102	USD 3,102	Note 1
	NSP NEVADA	Nevada, US	Solar related business	USD 5,125	USD -	5,125	100.00	USD 5,058	USD 92	USD 92	Note 1
	DelSolar India	India	Solar related business	USD 300	USD 300	1,435	100.00	USD (1,400)	USD 88	USD 88	Note 1
DelSolar Singapore	NSP Malaysia	Malaysia	Technical management services	USD 760	USD 760	760	100.00	USD 677	USD (40)	USD (40)	Note 1
	NSP Vietnam	Vietnam	Technical management services	USD 160	USD -	-	100.00	USD 99	USD (60)	USD (60)	Note 1
	NSP Germany	Cologne, Germany	Solar related business	GBP 17	GBP 17	25	90.00	GBP 32	GBP (1)	GBP (1)	Note 1
NSP UK	PV Power Park	Frankfurt, Germany	Solar related business	GBP 20	GBP 20	-	100.00	GBP 20	GBP (1)	GBP (1)	Note 1
	NSP Indygen	UK	Solar related business	GBP -	GBP -	-	100.00	GBP (164)	GBP (164)	GBP (164)	Notes 1 and 3
NSP System	Hsin Jin Optoelectronics	Tainan, Taiwan	Solar related business	\$ 10,647	\$ 10,647	-	80.00	\$ 13,277	\$ 2,281	\$ 1,825	Note 1
	Hsin Jin Solar Energy	Tainan, Taiwan	Solar related business	13,981	13,981	-	60.00	17,916	3,474	2,084	Note 1
	Si Two	Tainan, Taiwan	Solar related business	20,000	-	2,000	100.00	19,875	(125)	(125)	Note 1
	XYH Suzhou	Jiangsu, China	Solar related business	USD -	USD -	-	100.00	USD (3)	USD -	USD -	Note 1
CFGP	CFGP (HK)	Hong Kong	Solar Operations management services	USD 442	USD 138	-	100.00	USD 46	USD -	USD -	Note 1
DelSolar HK	DelSolar Wu Jiang	Jiangsu, China	Solar related business	USD 120,000	USD 120,000	-	100.00	USD 50,458	USD (10,665)	USD (10,665)	Notes 1 and 5
	NSP JAPAN	Osaka, Japan	Solar related business	USD 97	USD 97	1	100.00	USD 336	USD (8)	USD (8)	Note 1
	NSP Nanchang	Jiangxi, China	Solar related business	USD 5,000	USD 5,000	-	11.36	USD 3,389	USD (13,904)	USD (1,580)	Notes 1 and 5
NSP NEVADA	Livermore	Delaware, US	Solar related business	USD 150	USD 150	-	75.00	USD 53	USD (7)	USD (5)	Note 1
	HI Solar Green 1 LLC	Hawaii, US	Solar related business	USD -	USD 34	-	-	USD -	USD -	USD -	Notes 1 and 4
	HI Solar Green 2 LLC	Hawaii, US	Solar related business	USD -	USD 39	-	-	USD -	USD -	USD -	Notes 1 and 4
	HI Solar Green 3 LLC	Hawaii, US	Solar related business	USD -	USD 40	-	-	USD -	USD -	USD -	Notes 1 and 4
	HI Solar Green 4 LLC	Hawaii, US	Solar related business	USD -	USD 39	-	-	USD -	USD -	USD -	Notes 1 and 4
	HI Solar Green 5 LLC	Hawaii, US	Solar related business	USD -	USD 25	-	-	USD -	USD -	USD -	Notes 1 and 4
	HI Solar Green 6 LLC	Hawaii, US	Solar related business	USD -	USD 42	-	-	USD -	USD -	USD -	Notes 1 and 4
	HI Solar Green 7 LLC	Hawaii, US	Solar related business	USD -	USD 28	-	-	USD -	USD -	USD -	Notes 1 and 4
	HI Solar Green 8 LLC	Hawaii, US	Solar related business	USD -	USD 27	-	-	USD -	USD -	USD -	Notes 1 and 4
	HI Solar Green 9 LLC	Hawaii, US	Solar related business	USD -	USD 34	-	-	USD -	USD -	USD -	Notes 1 and 4
	HI Solar Green 10 LLC	Hawaii, US	Solar related business	USD -	USD 36	-	-	USD -	USD -	USD -	Notes 1 and 4
	MEGASEVEN	California, US	Solar related business	USD 2,326	USD -	-	45.00	USD 2,279	USD (44)	USD (16)	Notes 1 and 8
	MEGAELEVEN	California, US	Solar related business	USD 1,465	USD -	-	45.00	USD 1,448	USD (8)	USD (3)	Notes 1 and 8
	MEGAFOURTEEN	Massachusetts, US	Solar related business	USD -	USD 1,496	-	-	USD -	USD (7)	USD (3)	Notes 1, 4 and 8
	MEGAFIFTEEN	Massachusetts, US	Solar related business	USD 2,584	USD 2,584	-	45.00	USD 2,514	USD (137)	USD (62)	Notes 1 and 8
	HEYWOOD	Massachusetts, US	Solar related business	USD 1,448	USD -	-	45.00	USD 1,435	USD (17)	USD (7)	Notes 1 and 8
	Industrial Park	US	Solar related business	USD 400	USD 400	-	100.00	USD 400	USD -	USD -	Note 1
	Hillsboro	US	Solar related business	USD 335	USD 335	-	100.00	USD 335	USD -	USD -	Note 1
	MP Solar	California, US	Solar related business	USD 2,660	-	-	45.00	USD 2,660	USD -	USD -	Notes 1 and 8
	Ventura	California, US	Solar related business	USD 2,465	-	-	45.00	USD 2,465	USD -	USD -	Notes 1 and 8

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2017			Net Income (Loss) of the Investee	Investment Gain (Loss)	Note
				December 31, 2017	December 31, 2016	Shares (Thousands)	% of Ownership	Carrying Value			
DelSolar US	DelSolar Development	Delaware, US	Solar related business	USD 4,850	USD 4,850	-	100.00	USD 4,259	USD (349)	USD (349)	Note 1
	CFR	Delaware, US	Solar related business	USD 4,370	USD 4,370	-	100.00	USD (2,484)	USD (597)	USD (597)	Note 1
	USD1	Delaware, US	Solar related business	USD 3,582	USD 3,582	-	100.00	USD 6,481	USD 1,305	USD 1,305	Note 1
	JV2	Delaware, US	Solar related business	USD 2,178	USD 2,000	-	67.00	USD 2,050	USD 2,471	USD 1,236	Notes 1 and 6
NSP Indygen	Beryl	Delaware, US	Solar related business	USD -	USD -	-	100.00	USD 1,533	USD 1,533	USD 1,533	Note 1
	POTTERS BAR	UK	Solar related business	GBP 900	GBP 900	-	-	GBP 876	GBP (23)	GBP (23)	Notes 1 and 3
	CLAY CROSS	UK	Solar related business	GBP 636	GBP 636	-	-	GBP 618	GBP (17)	GBP (17)	Notes 1 and 3
	BELPER	UK	Solar related business	GBP 830	GBP 830	-	-	GBP 808	GBP (22)	GBP (22)	Notes 1 and 3
	Bryncrynau	UK	Solar related business	GBP 162	GBP 162	-	-	GBP 135	GBP (27)	GBP (27)	Notes 1 and 3
	Meadowley	UK	Solar related business	GBP 232	GBP 232	-	-	GBP 211	GBP (21)	GBP (21)	Notes 1 and 3
	NSP Nanchang	Jiangxi, China	Solar related business	USD 39,000	USD 39,000	-	88.64	USD 20,938	USD (13,904)	USD (12,324)	Notes 1 and 5
DelSolar Wu Jiang	DSS-USF PHX LLC	US	Solar related business	USD 1,370	USD 1,370	-	100.00	USD 1,506	USD (115)	USD (115)	Note 1
DelSolar Development	DSS-RAL LLC	US	Solar related business	USD 2,555	USD 2,555	-	100.00	USD 2,852	USD (300)	USD (300)	Note 1
CFR	Rugged solar LLC	Delaware, US	Solar related business	USD -	USD -	-	100.00	USD -	USD -	USD -	Notes 1 and 3
USD1	DevCo One	US	Solar related business	USD 444	USD 83	-	40.00	USD 60	USD (1,168)	USD (467)	Note 1
	DevCo Two	US	Solar related business	USD 444	USD 83	-	40.00	USD 60	USD (1,168)	USD (467)	Note 1
CFGP HK	CFGP (Shanghai)	Shanghai, China	Solar Operations management services	USD 442	USD 138	-	100.00	USD 46	USD -	USD -	Note 1
NSP Stars	CFY	Cayman Islands	Investment company	USD -	USD -	-	2.53	USD -	USD 3,107	USD -	Notes 1 and 7

Note 1: Recognized on the basis of audited financial statements as of December 31, 2017.

Note 2: Recognized on the basis of unaudited financial statements as of December 31, 2017.

Note 3: The Corporation’s structured entities.

Note 4: HI Solar Green 1-10 LLC was sold in January 2017. Abacus was disposed in June 2017. GES FUKUSHIMA was disposed in July 2017. MEGAFOURTEEN was disposed in November 2017.

Note 5: For investments in Mainland China, refer to Table 9.

Note 6: As of December 31, 2017, the Corporation’s ownership interest in JV2 was 67% and the Corporation accounted for two thirds of the members of the board. According to the agreement, any material operation and management decision of JV2 shall be vested solely in a Board of Managers which means DelSolar US does not have control over JV2. As specified in the agreement, the percentage interest of both members were 50% and 50%, respectively.

Note 7: NSP Stars Limited has no right to share CFY’s profit before meeting specific conditions.

Note 8: Ownerships of MEGAFOURTEEN and MEGAFIFTEEN were 55% ownership by GES USA and 45% ownership by NSP NEVADA in November 2016, respectively. Ownerships of MEGASEVEN, MEGAELEVEN and HEYWOOD were 55% ownership by GES USA and 45% ownership by NSP NEVADA in February 2017, respectively. Ownership of Ventura and MP Solar were 55% ownership by GES USA and 45% ownership by NSP NEVADA in October 2017, respectively. Ownership of Beryl was 100% ownership by DelSolar US in March 2017.

Note 9: On April 13, 2017, NSP acquired 45 thousand New Castle shares for \$441 thousand. NSP’s equity interests in New Castle from 55.00% to 100%. The liquidation of New Castle was completed in December 2017.

Note 10: Ownership of GES ME was transferred from GES to NSP in June 2017.

Note 11: NSP did not acquire any shares issued for cash of V5 Technology on August 14, 2017, and NSP’s equity interests in V5 Technology decreased from 60.85% to 41.43%.

Note 12: NSP considers the development of the solar energy industry and the growth of the future requirement in its investment strategy. In order to expand the solar energy industry and strengthen the operating ability, on October 16, 2017,NSP’s board of directors approved to increase the investment in GES by 46,104,764 ordinary shares of GES by public tender offer (approximately 24.11% of the total issued ordinary shares of GES), and GES will become 100%-owned subsidiary of the Corporation. As of November 6, 2017, the acquisition date, NSP acquired 43,090,282 shares, and obtained a total of 3,014,482 shares from other shareholders in November and December 2017.

Note 13: The original investment amount and proportion of ownership are listed according to legal qualifications.

Note 14: GES JAPAN acquired 55% ownership of GES KYUSHU and Hashimoto; thus, GES KYUSH and Hashimoto became a 100%-owned subsidiary in October 2017.

Note 15: MEGASIXTEEN was established for taxation purposes on the basis of agreement. MEGASIXTEEN established GES AC with MPC AC 2017 Energy Fund, LLC (“MPC”) and acquired a 67.59% shareholding of GES AC in December 2017. Through GES AC, MEGASIXTEEN owned Five Power Facilities, LLC.

TABLE 9

NEO SOLAR POWER CORP. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2017	Remittance of Fund		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2017	Accumulated Repatriation of Investment Income as of December 31, 2017
					Outward	Inward						
DelSolar Wu Jiang	Solar related business	USD120,000 \$ 3,581,760	Indirect investments through the Corporation's 100% subsidiary	USD120,000 \$ 3,581,760	\$ -	\$ -	USD 120,000 \$ 3,581,760	USD (10,665) \$ (324,322)	100%	USD (10,665) \$ (324,322)	USD 50,458 \$ 1,506,070	\$ -
NSP Nanchang	Solar related business	USD 44,000 \$ 1,313,312	Indirect investments through the Corporation's 100% subsidiary	USD 5,000 \$ 149,240	-	-	USD 5,000 \$ 149,240	USD (13,904) \$ (422,819)	100%	USD (13,904) \$ (422,819)	USD 24,327 \$ 726,112	-

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
USD 125,000 \$ 3,731,000	USD 136,705 (Note 2) \$ 4,080,371	\$ 6,647,641

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) and, on August 31, 2016, DelSolar HK's investment of US\$8,000 thousand in NSP Nanchang, but the capital has not yet been invested as of December 31, 2017.

Note 3: The exchange rate used is the rate on December 31, 2017.

TABLE 10

NEO SOLAR POWER CORP. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale		Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized (Gain) Loss	Note
		Amount	%		Payment Term	Comparison with Normal Transaction	Ending Balance	%		
NSP Nanchang	Sales	\$ 2,210	-	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	\$ 9	-	\$ -	-
	Other operating revenue	38,980	-	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	9	-	-	-
	Purchase goods	101,227	2%	Specifically negotiated terms	Specifically negotiated terms	Specifically negotiated terms	(24,617)	2.71	-	-

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

TABLE 11

NEO SOLAR POWER CORP. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017 AND 2016
(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	For the year ended December 31, 2017 NSP	GES	1	Accounts receivable	\$ 24,754	Note 2	-
			1	Other receivables	380,115	Note 2	1%
			1	Accrued expenses	243	Note 2	-
		Prime Energy	1	Sales	52,150	Note 2	1%
			1	Rental income	60	Note 2	-
			1	Rental income	644	Note 2	-
		V5 Technology	1	Acquisition of property, plant and equipment	1,700	Note 2	-
			1	Software expense	600	Note 2	-
			1	Rental income	60	Note 2	-
		New Ray Investment	1	Other receivables	1,038,741	Note 2	3%
		DelSolar US	1	Other receivables	45,653	Note 2	-
		DelSolar India	1	Refundable deposits	103	Note 2	-
		NSP UK	1	Other receivables	504,024	Note 2	1%
		NSP NEVADA	1	Accounts receivable	20,140	Note 2	-
			1	Other receivables	879,682	Note 2	3%
			1	Sales	22,068	Note 2	-
		NSP Indygen	1	Sales	65,979	Note 2	1%
			1	Other receivables	70,395	Note 2	-
		NSP Germany	1	Support fees	7,067	Note 2	-
			1	Estimated accrued expenses	1,753	Note 2	-
		GES ME	1	Other receivables	389,403	Note 2	1%
		GES UK	1	Other receivables	1,046,434	Note 2	3%
			1	Interest receivable	8,369	Note 2	-
			1	Interest income	29,909	Note 2	-
		BPS	1	Other income	1,753	Note 2	-
			1	Accounts receivable	14,207	Note 2	-
			1	Rental income	135	Note 2	-
		NSP System	1	Sales	29,978	Note 2	-
			1	Accounts receivable	42,196	Note 2	-
			1	Sales	254,818	Note 2	2%
		NSP Nanchang	1	Rental income	28	Note 2	-
			1	Accounts receivable	9	Note 2	-
			1	Accounts payable	24,617	Note 2	-
			1	Prepayments	54,835	Note 2	-
			1	Sales	2,210	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	NSP Nanchang	1	Other operating revenue	\$ 38,980	Note 2	-
			1	Purchases	101,227	Note 2	1%
			1	Maintenance and repair charges	66	Note 2	-
			1	Rental income	28	Note 2	-
			1	Rental income	28	Note 2	-
			1	Sales	9,299	Note 2	-
			1	Accounts receivable	4,834	Note 2	-
			1	Receipts in Advance	8,339	Note 2	-
			1	Rental income	10	Note 2	-
			1	Other receivables	17,912	Note 2	-
			1	Refundable deposits	1,596	Note 2	-
			1	Accounts receivable	33,907	Note 2	-
			1	Other receivables	12,269	Note 2	-
			1	Sales	51,676	Note 2	1%
			1	Sales	68,408	Note 2	1%
			1	Other receivables	70,116	Note 2	-
			1	Sales	63,166	Note 2	1%
			1	Other receivables	67,394	Note 2	-
			1	Sales	67,321	Note 2	1%
			1	Accounts receivable	584	Note 2	-
			1	Other receivables	70,012	Note 2	-
			1	Sales	60,269	Note 2	1%
			1	Other receivables	64,303	Note 2	-
			1	Sales	59,444	Note 2	1%
			1	Other receivables	63,033	Note 2	-
	DelSolar Wu Jiang	NSP Nanchang	3	Other receivables	329,088	Note 2	1%
			3	Accounts receivable	63,440	Note 2	-
			3	Interest income	5,288	Note 2	-
			3	Sales	441	Note 2	-
			3	Other income	120	Note 2	-
			3	Sale of property, plant and equipment	488	Note 2	-
	2	DSS-RAL LLC	3	Accrued expenses	54	Note 2	-
			3	Other receivables	20,300	Note 2	-
			3	Accrued expenses	480	Note 2	-
	3	DSS-USF PHX	3	Other receivables	901	Note 2	-
4	NSP UK	NSP Indygen	3	Other receivables	752,911	Note 2	2%
		POTTERS BAR	3	Purchases	3,186	Note 2	-
		BELPER	3	Purchases	2,761	Note 2	-
5	DelSolar US	CFR	3	Other receivables	952,504	Note 2	3%
		Beryl	3	Accrued expenses	30	Note 2	-
6	NSP NEVADA	MEGASEVEN	3	Other receivables	116,808	Note 2	-
		MEGAELEVEN	3	Other receivables	67,458	Note 2	-
		MEGAFIFTEEN	3	Other receivables	120,958	Note 2	-
		GES USA	3	Other receivables	46,594	Note 2	-
		Livermore	3	Other receivables	44,095	Note 2	-
			3	Accrued expenses	1,119	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
6	NSP NEVADA	Industrial Park	3	Other receivables	\$ 34,626	Note 2	-
		Hillsboro	3	Other receivables	37,699	Note 2	-
		HEYWOOD	3	Other receivables	61,557	Note 2	-
7	USD1	CFR	3	Other receivables	3,024	Note 2	-
8	Ever Lite	NSP System	3	Sales	5,083	Note 2	-
		GES ME	3	Sales	16,416	Note 2	-
			3	Receipts in Advance	2,250	Note 2	-
		GES USA		Other receivables	30,479	Note 2	-
		MUNISOL	3	Sales	30,738	Note 2	-
		Yong Liang	3	Sales	2,524	Note 2	-
		Yong Han	3	Sales	9,579	Note 2	-
			3	Accounts receivable	1,221	Note 2	-
9	NSP Indygen	POTTERS BAR	3	Other receivables	89,134	Note 2	-
		CLAY CROSS	3	Other receivables	102,936	Note 2	-
		BELPER	3	Other receivables	98,720	Note 2	-
		Bryncrynau	3	Other receivables	100,673	Note 2	-
		Meadowley	3	Other receivables	132,884	Note 2	-
		GES UK	3	Accrued expenses	49	Note 2	-
			3	Service expenses	48	Note 2	-
10	XYH Suzhou	DelSolar Wu Jiang	3	Accrued expenses	114	Note 2	-
11	Beryl	CFR	3	Other receivables	76,053	Note 2	-
12	BPS	NSP System	3	Accounts receivable	2,675	Note 2	-
			3	Sales	2,862	Note 2	-
			3	Receipts in Advance	1,214	Note 2	-
13	GES	GES ME	3	Other receivables	1,987	Note 2	-
			3	Other income	20	Note 2	-
			3	Sales	6,190	Note 2	-
			3	Receipts in Advance	6,930	Note 2	-
		New Castle	3	Rental income	9	Note 2	-
		Yong Han	3	Sales	56,423	Note 2	1%
			3	Accounts receivable	7,269	Note 2	-
			3	Other receivables	252	Note 2	-
			3	Rental income	70	Note 2	-
			3	Other income	480	Note 2	-
		Yong Liang	3	Sales	14,820	Note 2	-
			3	Accounts receivable	3,400	Note 2	-
			3	Other receivables	1,134	Note 2	-
			3	Rental income	70	Note 2	-
			3	Other income	2,160	Note 2	-
		Yong Zhou	3	Other receivables	126	Note 2	-
			3	Rental income	70	Note 2	-
			3	Other income	240	Note 2	-
		Yun Yeh	3	Other receivables	126	Note 2	-
			3	Rental income	70	Note 2	-
			3	Other income	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
13	GES	Ever Lite	3	Other receivables	\$ 20,270	Note 2	-
			3	Rental income	70	Note 2	-
			3	Other income	480	Note 2	-
			3	Interest income	156	Note 2	-
		Yong Yao	3	Other receivables	177,394	Note 2	1%
		Yong Shun	3	Rental income	12	Note 2	-
		GES JAPAN	3	Accrued expenses	161,478	Note 2	-
		GES USA	3	Sales	87,188	Note 2	1%
			3	Accounts receivable	86,372	Note 2	-
			3	Other receivables	319,301	Note 2	1%
			3	Interest income	1,240	Note 2	-
		GES UK	3	Interest income	563	Note 2	-
		MUNISOL	3	Sales	230,726	Note 2	2%
14	GES UK	GES KYUSHU	3	Other receivables	168,314	Note 2	1%
		GES USA	3	Other receivables	377,113	Note 2	1%
			3	Interest income	6,521	Note 2	-
		GES Solar 2	3	Other income	471	Note 2	-
		GES Solar 3	3	Other income	471	Note 2	-
			3	Other receivables	636	Note 2	-
		NCH Solar 1	3	Other income	941	Note 2	-
		JRC	3	Other receivables	1,483,561	Note 2	4%
		GES JAPAN	3	Other receivables	212,165	Note 2	1%
			3	Interest income	4,574	Note 2	-
		GES KYUSHU	3	Interest income	484	Note 2	-
				Other receivables	82,382	Note 2	-
				Accrued expenses	29,650	Note 2	-
15	GES USA	ET ENERGY	3	Other receivables	5,970	Note 2	-
				Other receivables	5,060	Note 2	-
		TIPPING POINT	3	Other receivables	43,493	Note 2	-
		MEGATWO	3	Other receivables	37,482	Note 2	-
		MEGAFIVE	3	Sales	7,025	Note 2	-
		MEGASIX	3	Accounts receivable	6,895	Note 2	-
				Other receivables	65,732	Note 2	-
		MEGASEVEN	3	Accrued expenses	119,116	Note 2	-
		MEGAELEVEN	3	Accrued expenses	73,833	Note 2	-
		MEGATWELVE	3	Other receivables	14	Note 2	-
		MEGATHIRTEEN	3	Other receivables	56,040	Note 2	-
		MEGAFIFTEEN	3	Accrued expenses	142,110	Note 2	-
				Other receivables	14,499	Note 2	-
		MEGASIXTEEN	3	Other operating revenue	542,240	Note 2	5%
				Accounts receivable	532,210	Note 2	2%
				Other receivables	15,130	Note 2	-
		MEGANINETEEN	3	Other receivables	8,954	Note 2	-
		MEGATWENTY	3	Other receivables	11,264	Note 2	-
		ASSET TWO	3	Other receivables	156	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
15	GES USA	ASSET THREE	3	Other receivables	\$ 2,143	Note 2	-
		ASSET FOUR	3	Other receivables	97	Note 2	-
		CENERGY	3	Accrued expenses	28,307	Note 2	-
			3	Other receivables	203	Note 2	-
		SH4	3	Other receivables	25	Note 2	-
		CEDAR FALLS	3	Other receivables	746	Note 2	-
		Schenectady	3	Other receivables	32,333	Note 2	-
		VOC	3	Other receivables	7,340	Note 2	-
		HEYWOOD	3	Sales	15,632	Note 2	-
			3	Accrued expenses	52,833	Note 2	-
			3	Other receivables	1,246	Note 2	-
		SEG	3	Other receivables	21,754	Note 2	-
		KINECT	3	Other receivables	18,004	Note 2	-
		RER CT 57	3	Other receivables	2,123	Note 2	-
		MP Solar		Accrued expenses	97,044	Note 2	-
			3	Other receivables	3	Note 2	-
		MUNISOL	3	Sales	941	Note 2	-
			3	Other receivables	628,546	Note 2	2%
		SHIMA'S		Sales	941	Note 2	-
			3	Other receivables	147	Note 2	-
		WAIMEA	3	Other receivables	2,241	Note 2	-
		HONOKAWAI	3	Other receivables	3,716	Note 2	-
		ELEELE	3	Other receivables	2,602	Note 2	-
		HANALEI	3	Other receivables	1,189	Note 2	-
		KAPAA	3	Other receivables	3,149	Note 2	-
		KOLOA	3	Other receivables	2,351	Note 2	-
		Ventura	3	Accrued expenses	89,936	Note 2	-
			3	Other receivables	53	Note 2	-
		GES AC	3	Other receivables	3	Note 2	-
		Anderson N.	3	Other receivables	3	Note 2	-
		Anderson S.	3	Other receivables	3	Note 2	-
16	GES CANADA	JRC	3	Other receivables	65,266	Note 2	-
17	ASSET THREE	SHIMA'S	3	Other receivables	9,160	Note 2	-
		WAIMEA	3	Other receivables	15,117	Note 2	-
		HONOKAWAI	3	Other receivables	24,975	Note 2	-
		ELEELE	3	Other receivables	18,124	Note 2	-
		HANALEI	3	Other receivables	8,345	Note 2	-
		KAPAA	3	Other receivables	22,113	Note 2	-
		KOLOA	3	Other receivables	16,101	Note 2	-
18	NCH Solar 1	GES Solar 3	3	Accounts receivable	3,663	Note 2	-
19	MEGASIXTEEN	GES AC	3	Other receivables	829,252	Note 2	2%
		Flora	3	Other receivables	3	Note 2	-
		Greenfield	3	Other receivables	3	Note 2	-
		Spiceland	3	Other receivables	3	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
20	MEGATWELVE	MEGAEIGHT	3	Other receivables	\$ 279	Note 2	-
21	Yong Zhou	Yong Liang	3	Rental income	178	Note 2	-
		Yong Han	3	Rental income	178	Note 2	-
22	GES JAPAN	GES KYUSHU	3	Other receivables	202,420	Note 2	1%
		Hashimoto	3	Other receivables	218,408	Note 2	1%
		GES FUKUSHIMA	3	Other income	1,343	Note 2	-
23	Hashimoto	GES KYUSHU	3	Accrued expenses	158	Note 2	-
			3	Maintenance and repair charges	162	Note 2	-
	<u>For the year ended December 31, 2016</u>						
0	NSP	GES	1	Accounts receivable	\$ 177,876	Note 2	-
			1	Other receivables	636,513	Note 2	2%
			1	Accrued expenses	246	Note 2	-
			1	Estimated accrued expenses	54	Note 2	-
			1	Sales	356,569	Note 2	2%
			1	Purchases	24	Note 2	-
			1	Maintenance and repair charges	54	Note 2	-
		GES USA	1	Interest income	2,126	Note 2	-
		Prime Energy	1	Rental income	60	Note 2	-
		New Ray Investment	1	Rental income	60	Note 2	-
		V5 Technology	1	Other receivables	94	Note 2	-
			1	Accrued expenses	507	Note 2	-
			1	Estimated accrued expenses	16	Note 2	-
			1	Estimated payables to contractors and equipment suppliers	1,200	Note 2	-
			1	Rental income	967	Note 2	-
			1	Maintenance and repair charges	483	Note 2	-
			1	Equipment - installation fee	16	Note 2	-
			1	Acquisition of property, plant and equipment	1,200	Note 2	-
		BPS	1	Accounts receivable	25,709	Note 2	-
			1	Sales	24,485	Note 2	-
			1	Rental income	188	Note 2	-
			1	Other income	1	Note 2	-
		Hsin Jin Optoelectronics	1	Other receivables	39,904	Note 2	-
			1	Rental income	28	Note 2	-
		DeSolar Wu Jiang	1	Sales	150,409	Note 2	1%
			1	Sales return and allowance	(702)	Note 2	-
			1	Purchases	629,254	Note 2	4%
			1	Other operating revenues	68,031	Note 2	-
			1	Indirect material expenses	130	Note 2	-
			1	Other losses	12,228	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	\$ 49,371	Note 2	-
			1	Refundable deposits	103	Note 2	-
		DelSolar US	1	Other receivables	439,650	Note 2	1%
		NSP NEVADA	1	Accounts receivable	12,551	Note 2	-
			1	Other receivables	284,125	Note 2	1%
			1	Sales	12,213	Note 2	-
		CFR	1	Other receivables	19,371	Note 2	-
			1	Refundable deposits	1,596	Note 2	-
			1	Accrued expense	200	Note 2	-
		Hsin Jin Solar Energy	1	Other receivables	11,719	Note 2	-
			1	Rental income	28	Note 2	-
		Si One	1	Sales	69,249	Note 2	-
		NSP System	1	Accounts receivable	16,695	Note 2	-
			1	Sales	15,900	Note 2	-
			1	Rental income	28	Note 2	-
		NSP Japan	1	Commissions	19,831	Note 2	-
		NSP Germany	1	Support fees	7,506	Note 2	-
		DelSolar HK	1	Accounts payable	19,690	Note 2	-
			1	Purchases	176,752	Note 2	1%
		NSP Nanchang	1	Accounts receivable	392	Note 2	-
			1	Payments in advance	65,380	Note 2	-
			1	Other operating revenues	382	Note 2	-
			1	Purchases	6,434	Note 2	-
			1	Disposal of property, plant and equipment (selling price)	738	Note 2	-
		Yun Han	1	Accounts receivable	9,743	Note 2	-
			1	Sales	9,279	Note 2	-
		Yun Yeh	1	Accounts receivable	9,743	Note 2	-
			1	Sales	9,279	Note 2	-
		GES ME	1	Other receivables	440,861	Note 2	1%
		NSP UK	1	Other receivables	11,721	Note 2	-
		GES UK	1	Other receivables	1,129,765	Note 2	3%
			1	Interest receivables	1,054	Note 2	-
			1	Interest income	1,054	Note 2	-
1	DelSolar Wu Jiang	V5 Technology	3	Other operating revenue	179	Note 2	-
		XYH Suzhou	3	Other receivables	114	Note 2	-
2	DSS-RAL LLC	DelSolar Development	3	Other receivables	21,954	Note 2	-
3	DelSolar US	CFR	3	Other receivables	75,629	Note 2	-
		USD1	3	Other receivables	267,570	Note 2	1%
4	NSP NEVADA	Livermore	3	Other receivables	47,558	Note 2	-
			3	Other payables	1,210	Note 2	-
		MEGAFOURTEEN	3	Other receivables	16,259	Note 2	-
		MEGAFIFTEEN	3	Other receivables	31,454	Note 2	-
		Hillsboro	3	Other receivables	9,365	Note 2	-
		Industrial Park	3	Other receivables	13,652	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
5	USD1	CFR	3	Other receivables	\$ 1,918	Note 2	-
6	NSP System	Ever Lite	3	Accounts payable	1,837	Note 2	-
			3	Purchases	1,750	Note 2	-
7	NSP UK	NSP Indygen	3	Other receivables	275,005	Note 2	1%
8	NSP Indygen	POTTERS BAR	3	Other receivables	29,701	Note 2	-
		BELPER	3	Other receivables	33,391	Note 2	-
		CLAY CROSS	3	Other receivables	37,264	Note 2	-
		Bryncrynnau	3	Other receivables	10,957	Note 2	-
		Meadowley	3	Other receivables	8,519	Note 2	-
9	GES	Yong Liang	3	Sales	60,876	Note 2	-
			3	Accounts receivable	15,889	Note 2	-
			3	Rental income	70	Note 2	-
			3	Interest income	319	Note 2	-
		Yun Han	3	Rental income	70	Note 2	-
		Yong Zhou	3	Rental income	70	Note 2	-
		Yun Yeh	3	Rental income	70	Note 2	-
		Ever Lite	3	Other receivables	10,053	Note 2	-
			3	Rental income	46	Note 2	-
			3	Interest income	53	Note 2	-
		GES JAPAN	3	Other receivables	114	Note 2	-
			3	Interest income	732	Note 2	-
		Abacus	3	Sales	260,061	Note 2	2%
			3	Accounts receivable	258,528	Note 2	1%
			3	Other receivables	334,657	Note 2	1%
		GES UK	3	Other receivables	228,149	Note 2	1%
			3	Interest income	2,650	Note 2	-
		JRC	3	Other receivables	125,234	Note 2	-
		GES ME	3	Sales	66,150	Note 2	-
			3	Accounts receivable	66,911	Note 2	-
			3	Other receivables	202	Note 2	-
10	Yong Zhou	Yong Liang	3	Rental income	178	Note 2	-
		Yun Han	3	Rental income	178	Note 2	-
11	GES JAPAN	GES FUKUSHIMA	3	Other income	9,986	Note 2	-
		Abacus	3	Other receivables	213,053	Note 2	1%
12	Ever Lite	Yong Liang	3	Sales	11,191	Note 2	-
		Yun Yeh	3	Sales	1,226	Note 2	-
		Yun Han	3	Sales	1,226	Note 2	-
13	GES UK	GES Solar2	3	Other income	522	Note 2	-
		GES Solar3	3	Other income	522	Note 2	-
		JRC	3	Other receivables	1,663,206	Note 2	5%
		NCH Solar 1	3	Other income	1,043	Note 2	-
		GES USA	3	Other receivables	228,135	Note 2	1%
			3	Interest income	2,179	Note 2	-
		GES JAPAN	3	Other receivables	201,980	Note 2	1%
			3	Interest income	3,769	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
14	GES USA	ASSET FOUR	3	Other receivables	\$ 63	Note 2	-
		ELEELE	3	Other receivables	7,137	Note 2	-
		HANALEI	3	Other receivables	2,677	Note 2	-
		HONOKAWAI	3	Other receivables	3,174	Note 2	-
		KAPAA	3	Other receivables	7,546	Note 2	-
		KOLOA	3	Other receivables	6,447	Note 2	-
		SHIMA'S	3	Other receivables	1,836	Note 2	-
		WAIMEA	3	Other receivables	5,066	Note 2	-
		ASSET ONE	3	Other receivables	81	Note 2	-
		ASSET THREE	3	Other receivables	71,612	Note 2	-
		ASSET TWO	3	Other receivables	127	Note 2	-
		CEDAR FALLS	3	Accrued expense	1,024	Note 2	-
			3	Other receivables	76,134	Note 2	-
		CENERGY	3	Accrued expense	3,917	Note 2	-
		ET ENERGY	3	Other receivables	87	Note 2	-
		MEGAELEVEN	3	Other receivables	15,550	Note 2	-
		MEGAFIFTEEN	3	Accrued expense	153,684	Note 2	-
		MEGAFIVE	3	Other receivables	55,583	Note 2	-
		MEGAFOURTEEN	3	Accrued expense	59,008	Note 2	-
			3	Other receivables	626	Note 2	-
		MEGASEVEN	3	Other receivables	14,869	Note 2	-
		MEGASIX	3	Other receivables	62,476	Note 2	-
		MEGATHIRTEEN	3	Other receivables	16,804	Note 2	-
		MEGATWELVE	3	Other receivables	10,193	Note 2	-
		MEGATWO	3	Other receivables	46,943	Note 2	-
		HEYWOOD	3	Other receivables	18,705	Note 2	-
		MUNISOL	3	Other receivables	195,343	Note 2	1%
		Schenectady	3	Other receivables	29,930	Note 2	-
		SEG	3	Other receivables	16,580	Note 2	-
		SH4	3	Other receivables	81	Note 2	-
		TIPPING POINT	3	Other receivables	7,033	Note 2	-
		VOC	3	Other receivables	4,484	Note 2	-
15	NCH Solar 1	GES Solar2	3	Sales	5,915	Note 2	-
		GES Solar3	3	Sales	3,807	Note 2	-
			3	Accounts receivable	3,624	Note 2	-
		JRC	3	Sales	44,189	Note 2	-
16	GES Solar2	JRC	3	Sales	58,670	Note 2	-
17	GES Solar3	JRC	3	Sales	25,834	Note 2	-
			3	Accounts receivable	2,712	Note 2	-
18	GES CANADA	JRC	3	Other receivables	68,986	Note 2	-
19	ASSET THREE	ELEELE	3	Other receivables	27,106	Note 2	-
		HANALEI	3	Other receivables	13,478	Note 2	-
		HONOKAWAI	3	Other receivables	23,618	Note 2	-
		KAPAA	3	Other receivables	38,926	Note 2	-
		KOLOA	3	Other receivables	28,309	Note 2	-
		SHIMA'S	3	Other receivables	7,961	Note 2	-
		WAIMEA	3	Other receivables	25,399	Note 2	-
		HEYWOOD	3	Other receivables	9,546	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
20	ET ENERGY	MEGATWELVE	3	Other receivables	\$ 498	Note 2	-
		HEYWOOD	3	Other receivables	5,927	Note 2	-
		MUNISOL	3	Other receivables	32,279	Note 2	-
21	CEDAR FALLS	ASSET ONE	3	Other receivables	1,204	Note 2	-
		ASSET THREE	3	Other receivables	728	Note 2	-
		MEGATHIRTEEN	3	Other receivables	271	Note 2	-
		MEGASEVEN	3	Other receivables	15	Note 2	-
		MUNISOL	3	Other receivables	2,445	Note 2	-
22	MEGAFOURTEEN	NSP NEVADA	3	Accrued expense	16,259	Note 2	-
23	CENERGY	HEYWOOD	3	Other receivables	25,178	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)