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TAIWAN GLASS INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

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The reader is advised that these consolidated financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

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Independent Auditors' Report Translated from Chinese

To Taiwan Glass Industrial Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Glass Industrial Corporation (the "Company") and its subsidiaries as of December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the consolidated financial statements, including the summary of significant accounting policies (collectively "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2018 and 2017, and their consolidated financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by 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 Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2018 consolidated financial statements. 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.

Impairment Valuation of Non-financial assets

As of December 31, 2018, the Company and its subsidiaries' property, plant and equipment amounted to NT$50,832,520 thousand, which is relatively material for the consolidated financial statements. Due to the market and economic outlook fluctuations in recent years, some operating units operated in losses which indicated that assets may be impaired. Therefore, the management performed impairment test on related cash-generating units and recognized impairment losses of NT$376,672 thousand based on test results. As the estimation of the recoverable amount of the related cash-generating unit requires significant management judgment, we determined this a key audit matter.

Our audit procedures included, but not limited to, obtaining underlying data of the recoverable amount provided by management (including real estate and equipment valuation report) and related assumptions; assessing the appraiser's professional competency, experience and reputation in the related field; using the internal expert's work to assist us in considering and reviewing the method used by the appraiser's valuation and its estimation process; assessing whether the reasonable value in the current real estate market were evaluated based on reasonable and supported assumptions; verifying that the source of the assessment report is relevant and reliable.

We also assessed the adequacy of disclosures of property, plant and equipment. Please refer to Notes 5 and 6 to the Company's consolidated financial statements.

Valuation of Inventories

As of December 31, 2018, the Company and its subsidiaries net inventories amounted to NT$8,851,263 thousand, which is relatively material for the consolidated financial statements. The Company and its subsidiaries are engaged in the manufacturing, processing and sale of various glasses which have a wide range of applications in various sectors such as construction, electronics and consumer products industries. Considering the fact that identification of slow-moving inventories and the assessment of the amount of inventory write-downs require significant management judgement based on market demands, we determined this a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policies of evaluating slow-moving and obsolete inventories, understanding and testing the internal controls established by management with respect to the valuation of inventories, including the calculation of net realizable value; sample testing the accuracy of the net realizable values used by management; vouching samples to verify accuracy of inventory aging.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes 5 and 6 to the Company's consolidated financial statements.

Revenue Recognition

Operating revenues recognized by the Company and its subsidiaries amounted to NT$46,091,494 thousand for the year ended December 31, 2018. Reflecting different market demands, trade terms of different contracts varied, along with the fact that some of the sales orders included delivery services, management needed to review the sales orders or contracts to determine the performance obligations and the time of their satisfaction, there is a significant risk in revenue recognition. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, assessing the appropriateness of the accounting policy of revenue recognition; evaluating and testing the operating effectiveness of internal controls with respect to revenue recognition; selecting samples to perform tests of details and reviewing significant terms and conditions of contracts to verify reasonableness of the timing of revenue recognition; confirming significant account receivable balance by sending confirmation letters; selecting samples of transactions from either side of balance sheet date, vouching them to supporting evidences and reviewing significant subsequent sales return or discounts transactions to ensure the reasonableness of the timing of revenue recognition.

We also assessed the adequacy of disclosures of operating revenues. Please refer to Notes 4 and 6 to the Company's consolidated financial statements.

Emphasis of Matter – Applying for New Accounting Standards

As stated in Note 3 of the Company's consolidated financial statements, the Company and its subsidiaries adopted the International Financial Reporting Standard 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers" on January 1, 2018 and elected not to restate the Company's consolidated financial statements for prior periods.

Other Matter

We have audited and expressed an unqualified opinion with emphasis of matter on the parent company only financial statements of the Company as of and for the years ended December 31, 2018 and 2017.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditor's 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 auditor's 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 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 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 internal control of the Company and its subsidiaries.

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, 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 Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Hsiao, Tsui-Hui
Fuh, Wen-Fang

Ernst & Young, Taiwan
March 18, 2019

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN GLASS INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	NOTE	As of December 31, 2018	As of December 31, 2017
Current assets			
Cash and cash equivalents	4, 6(1)	$4,707,247	$5,115,837
Financial assets at fair value through profit or loss - current	4, 6(2)	478,859	683,936
Financial assets at amortized cost - current	4, 6(3)	30,714	-
Contract assets - current	4, 6(22), 6(23)	395,754	-
Debt instrument investment for which no active market exists	4, 6(4), 8	-	59,208
Notes receivable, net	4, 6(5), 7	4,955,530	3,663,328
Accounts receivable, net	4, 6(6), 7	4,521,147	6,060,099
Other receivables, net	4, 6(7)	214,602	144,653
Current income tax assets	4	28,840	22,312
Inventories, net	4, 6(8)	8,851,263	7,386,190
Prepayments	6(14), 7	1,869,832	1,791,249
Other current financial assets	8	165,766	220,284
Other current assets		6,299	1,223
Total current assets		26,225,853	25,148,319
Non-current assets			
Financial assets at fair value through other comprehensive	4, 6(9)	263,332	-
Available-for-sale financial assets - non-current	4, 6(10)	-	264,232
Investments accounted for using the equity method	4, 6(11)	4,136,312	3,031,338
Property, plant and equipment	4, 6(12), 7, 8	50,832,520	51,931,352
Intangible assets	4, 6(13), 7	69,657	91,080
Deferred tax assets	4, 6(29)	412,224	341,029
Refundable deposits		197,392	231,158
Long-term prepaid rent	6(14)	2,887,765	2,944,870
Other non-current assets	4, 6(15), 6(23)	43,340	43,183
Total non-current assets		58,842,542	58,878,242
Total assets		$85,068,395	$84,026,561

LIABILITIES AND EQUITY	NOTE	As of December 31, 2018	As of December 31, 2017
Current liabilities			
Short-term loans	6(16), 7	$7,040,660	$6,373,954
Short-term bills payable	6(17)	3,295,570	2,196,039
Contract liabilities - current	4, 6(22)	960,526	-
Notes payable	7	69,429	242,675
Accounts payable	7	3,024,749	3,284,981
Other payables	7	3,070,769	4,372,522
Current income tax liabilities	4	169,938	117,655
Advance receipts		1,148	1,133,380
Current portion of long-term loans	6(18)	5,594,435	3,795,329
Other current liabilities		24,736	86,425
Total current liabilities		23,251,960	21,602,960
Non-current liabilities			
Long-term loans	6(18)	11,547,246	10,524,563
Deferred tax liabilities	4, 6(29)	631,973	654,505
Long-term deferred revenue	4, 6(19)	1,249,590	1,332,855
Accrued pension liabilities	4, 6(20)	467,262	99,082
Deposits-in		187,999	198,634
Total non-current liabilities		14,084,070	12,809,639
Total liabilities		37,336,030	34,412,599
Capital	6(21)		
Common stock		29,080,608	29,080,608
Additional paid-in capital	6(21), 6(31)	1,925,218	1,921,575
Retained earnings	6(21)		
Legal reserve		5,829,135	5,616,758
Special reserve		5,102,550	5,102,550
Unappropriated retained earnings		4,973,947	6,046,802
Total retained earnings		15,905,632	16,766,110
Other components of equity	4		
Exchange differences on translation of foreign operations		(2,551,354)	(1,615,309)
Unrealized gains and losses on financial assets at fair value through other comprehensive income		(114,624)	-
Unrealized gains or losses on available-for-sale financial assets		-	(113,724)
Total other components of equity		(2,665,978)	(1,729,033)
Total equity attributable to stockholders of the parent		44,245,480	46,039,260
Non-controlling interests	6(21)	3,486,885	3,574,702
Total equity		47,732,365	49,613,962
Total liabilities and equity		$85,068,395	$84,026,561

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN GLASS INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars Except Earnings Per Share Information)

	Note	For the years ended December 31, 2018	2017
Operating revenues	4, 6(22), 7	$46,091,494	$44,869,581
Operating costs	6(8), 6(13), 6(26), 7	(38,755,048)	(37,231,578)
Gross profit		7,336,446	7,638,003
Operating expenses	6(13), 6(23), 6(24), 6(25), 7		
Selling and marketing expenses		(3,113,459)	(3,217,445)
General and administrative expenses		(1,515,355)	(1,410,887)
Research and development expenses		(425,245)	(370,143)
Expected credit losses and gain		41,113	-
Subtotal		(5,012,946)	(4,998,475)
Net amount of other revenues and gains and expenses and losses	6(24)	74	1,007
Operating income		2,323,574	2,640,535
Non-operating income and expenses			
Other income	4, 6(27), 7	673,663	361,550
Other gains and losses	6(12), 6(13), 6(27), 7	(921,323)	165,935
Financial costs	4, 6(27), 7	(716,330)	(756,504)
Share of income (losses) of associates and joint ventures	4, 6(11)	195,081	(20,721)
Subtotal		(768,909)	(249,740)
Income from continuing operations before income tax		1,554,665	2,390,795
Income tax expenses	4, 6(29)	(522,685)	(215,050)
Net income from continuing operations		1,031,980	2,175,745
Other comprehensive income	4, 6(11), 6(28), 6(29)		
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit obligation		(395,128)	214,802
Unrealized losses on equity instruments investment at fair value through other comprehensive income		(900)	-
Income tax related to items that will not be reclassified subsequently		102,614	(36,516)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		(688,092)	(619,486)
Unrealized gains on available-for-sale financial assets		-	54,855
Share of other comprehensive income of associates and joint ventures		(317,817)	222,371
Income tax related to items that may be reclassified subsequently		-	-
Total other comprehensive income, net of tax		(1,299,323)	(163,974)
Total comprehensive income		$(267,343)	$2,011,771
Net income attributable to :			
Stockholders of the parent		$1,066,286	$2,123,773
Non-controlling interests		(34,306)	51,972
		$1,031,980	$2,175,745
Comprehensive income attributable to:			
Stockholders of the parent		$(159,249)	$1,988,440
Non-controlling interests		(108,094)	23,331
		$(267,343)	$2,011,771
Earnings per share (NT$)	6(30)		
Earnings per share-basic		$0.37	$0.73
Diluted earning per share		$0.37	$0.73

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN GLASS INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	EQUITY ATTRIBUTABLE TO THE PARENT COMPANY										
	Capital	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Losses on Financial Assets at Fair Value through Other Comprehensive Income	Unrealized Gains or Losses on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
Balance as of January 1, 2017	$29,080,608	$1,918,910	$5,616,758	$5,102,550	$3,787,706	$(1,241,289)	$-	$(168,579)	$44,096,664	$3,160,661	$47,257,325
Net income in 2017					2,123,773				2,123,773	51,972	2,175,745
Other comprehensive income, net of tax in 2017					178,872	(369,060)		54,855	(135,333)	(28,641)	(163,974)
Total comprehensive income	-	-	-	-	2,302,645	(369,060)	-	54,855	1,988,440	23,331	2,011,771
Increase (decrease) through changes in ownership interests in subsidiaries		2,665				(4,960)			(2,295)	2,295	-
Changes in non-controlling interests										388,415	388,415
Decrease through changes in associates accounted for using equity method					(43,549)				(43,549)		(43,549)
Balance as of December 31, 2017	29,080,608	1,921,575	5,616,758	5,102,550	6,046,802	(1,615,309)	-	(113,724)	46,039,260	3,574,702	49,613,962
Effects of retroactive application and retrospective restatement							(113,724)	113,724	-		
Adjusted balance as of January 1, 2018	29,080,608	1,921,575	5,616,758	5,102,550	6,046,802	(1,615,309)	(113,724)	-	46,039,260	3,574,702	49,613,962
Appropriations and distributions of 2017 earnings:											
Legal reserve			212,377		(212,377)				-		-
Cash dividends					(1,454,030)				(1,454,030)		(1,454,030)
Net income in 2018					1,066,286				1,066,286	(34,306)	1,031,980
Other comprehensive income, net of tax in 2018					(292,012)	(932,623)	(900)		(1,225,535)	(73,788)	(1,299,323)
Total comprehensive income	-	-	-	-	774,274	(932,623)	(900)	-	(159,249)	(108,094)	(267,343)
Increase (decrease) through changes in ownership interests in subsidiaries		3,643				(3,422)			221	(221)	-
Changes in non-controlling interests										32,074	32,074
Decrease through changes in associates accounted for using equity method					(180,722)				(180,722)	(11,576)	(192,298)
Balance as of December 31, 2018	$29,080,608	$1,925,218	$5,829,135	$5,102,550	$4,973,947	$(2,551,354)	$(114,624)	$-	$44,245,480	$3,486,885	$47,732,365

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TAIWAN GLASS INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2018	2017
Cash flows from operating activities:		
Net income before tax	$1,554,665	$2,390,795
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation (including investment property)	5,142,696	5,274,513
Amortization	29,307	33,459
Expected credit losses and gains	(41,113)	-
Gains on financial liabilities at fair value through profit or loss	-	(4,247)
Interest expenses	716,330	756,504
Interest income	(50,625)	(27,660)
Dividend income	(13,998)	(11,829)
Share of (income) losses of associates and joint ventures	(195,081)	20,721
Gain on disposal of property, plant and equipment	(74)	(1,007)
Loss on disposal of investment	86	-
Loss on impairment of financial assets	-	8,250
Loss on impairment of non-financial assets	376,672	-
Financial asset held for trading	-	(435,532)
Financial assets mandatorily measured at fair value through profit or loss	205,077	-
Contract assets	251,091	-
Notes receivable	(1,292,202)	(1,053,238)
Accounts receivable	933,157	(309,708)
Other receivable	(69,390)	515,844
Inventories	(1,465,073)	15,224
Prepayments	120,434	369,189
Other current assets	(5,076)	1,517
Other financial assets - current	54,518	(84,512)
Other operating assets	(357)	1,860
Contract liabilities	(239,064)	-
Notes payable	(173,246)	79,844
Accounts payable	(260,232)	(725,562)
Other payables	(180,497)	255,412
Advance receipts	55	(28,760)
Other current liabilities	5,634	5,626
Long-term deferred revenue	(61,229)	(51,593)
Net defined benefit liability	(26,948)	(33,327)
Cash generated from operations	5,315,517	6,961,783
Interests received	50,625	27,660
Dividends received	13,998	11,829
Interests paid	(667,956)	(813,281)
Income tax paid	(467,415)	(165,671)
Net cash provided by operating activities	4,244,769	6,022,320
Cash flows from investing activities:		
Acquisition of financial assets at amortized cost	28,494	-
Proceeds from disposal of available-for-sale financial assets	-	1,381
Debt instrument investment for which no active market exists	-	(59,208)
Acquisition of investments accounted for using the equity method	(1,434,797)	(398,827)
Disposal of subsidiaries	(15,426)	-
Capital reduction from investments accounted for using the equity method	14,788	-
Acquisition of property, plant and equipment, excluding capitalized borrowing costs	(4,902,999)	(2,518,933)
Capitalized borrowing costs of self-constructed assets	(21,040)	(6,941)
Proceeds from disposal of property, plant and equipment	182,498	35,542
Increase in refundable deposits	-	(147,078)
Decrease in refundable deposits	33,757	-
Acquisition of intangible assets	(3,418)	(628)
Net cash used in investing activities	(6,118,143)	(3,094,692)
Cash flows from financing activities:		
Increase in short-term loans	5,321,683	-
Decrease in short-term loans	(4,421,779)	(861,015)
Increase in short-term bills payable	11,250,000	11,200,000
Decrease in short-term bills payable	(10,150,000)	(10,350,000)
Proceeds from long-term loans	8,310,521	4,534,480
Repayments of long-term loans	(5,935,167)	(7,521,691)
Increase deposits-in	-	30,240
Decrease in deposits-in	(10,635)	-
Increase in other payables - related parties	14,592	-
Decrease in other payables - related parties	(1,622,016)	(131,272)
Decrease in lease obligations payable - non-current	(9,357)	(35,882)
Cash dividends	(1,461,966)	(4,817)
Changes in non-controlling interests	58,332	395,303
Net cash provided by (used in) financing activities	1,344,208	(2,744,654)
Effects of exchange rate changes on cash and cash equivalents	120,576	99,065
Net (decrease) increase in cash and cash equivalents	(408,590)	282,039
Cash and cash equivalents, at beginning of the year	5,115,837	4,833,798
Cash and cash equivalents, at end of the year	$4,707,247	$5,115,837

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

1. History and organization

Taiwan Glass Industrial Corporation ("the Company") was incorporated on September 5, 1964 and commenced operations in 1967. The main activities of the Company are manufacturing, processing and selling of various glass products. The Company's common shares were publicly listed on the Taiwan Stock Exchange (TWSE) in July 1973. The Company's registered office and the main business location is at 11F, No. 261, Section 3, Nanjing E. Rd., Taipei, Republic of China (R.O.C.).

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2018 and 2017 were authorized for issue by the Board of Directors on March 18, 2019.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2018. Apart from the impact of the standards and interpretations which is described below, all other standards and interpretations have no material impact on the Group's financial position and performance.

A. *IFRS 15"Revenue from Contracts with Customers" (including Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers")*

IFRS 15 replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations. In accordance with the transition provision in IFRS 15, the Group elected to recognize the cumulative effect of initially applying IFRS 15 at the date of initial application (January 1, 2018). The Group also elected to apply this standard retrospectively only to contracts that are not completed contracts at the date of initial application.

The Group’s principal activities consist of the sale of goods. The impacts arising from the adoption of IFRS 15 on the Group are summarized as follows:

a. Please refer to Note 4 for the accounting policies before or after January 1, 2018.

b. Before January 1, 2018, revenue from sale of goods was recognized when goods have been delivered to the buyer. Starting from January 1, 2018, in accordance with IFRS 15, the Group recognized revenue when (or as) the Group satisfies a performance obligation by transferring a promised good to a customer. IFRS 15 has no impact on the Group’s revenue recognition from sale of goods. However, for some contracts, if the Group has the right to transfer the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets, which is different from the accounting treatment of recognizing accounts receivables before the date of initial application. Besides, loss allowance for contract assets was assessed in accordance with IFRS 9. The amount reclassified from accounts receivables to contract assets of the Group as at the date of initial application was NT$661,467 thousand. To compare with the requirements of IAS 18, the accounts receivables decreased by NT$395,754 thousand and the contract assets increased by NT$395,754 thousand as of December 31, 2018. Besides, loss allowance for contract assets was assessed in accordance with IFRS 9 and there was no material impact on the Group's loss allowance.

c. Before January 1, 2018, part of the consideration was received from customers upon signing the contract, then the Group has the obligation to provide the services subsequently. Before January 1, 2018, the Group recognized the consideration received in advance from customers under advance receipts and other current liabilities. Starting from January 1, 2018, in accordance with IFRS 15, it should be recognized as contract liabilities. The amount reclassified from advance receipts and other current liabilities to contracts liabilities of the Group as at the date of initial application was NT$1,199,590 thousand. In addition, compared with the requirements of IAS 18, advance receipts and other current liabilities decreased by NT$960,526 thousand and the contract liabilities increased by NT$960,526 thousand as of December 31, 2018.

d. Please refer to Note 4, Note 5 and Note 6 for additional disclosure note required by IFRS 15.

B. *IFRS 9“Financial Instruments”*

IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement.* In accordance with the transition provision in IFRS 9, the Group elected not to restate prior periods at the date of initial application (January 1, 2018). The adoption of IFRS 9 has the following impacts on the Group:

a. The Group adopted IFRS 9 since January 1, 2018 and it adopted IAS 39 before January 1, 2018. Please refer to Note 4 for more details on accounting policies.

b. In accordance with the transition provision in IFRS 9, the assessment of the business model and classification of financial assets into the appropriate categories are based on the facts and circumstances that existed as of January 1, 2018. The classifications of financial assets and its carrying amounts as of January 1, 2018 are as follows:

IAS 39			IFRS 9		
Measurement categories	Carrying amounts	Classification adjustments	Measurement categories	Carrying amounts	Notes
Financial assets at fair value through profit or loss					
Held-for-trading	$683,936	(683,936)	-	$-	
		683,936	Financial assets mandatorily measured at fair value through profit or loss	683,936	(a)
Subtotal	683,936				
Available-for-sale financial assets	264,232	(264,232)	-	-	
		264,232	Equity instruments measured at fair value through other comprehensive income	264,232	(b)
Subtotal	264,232				
Loans and receivables			Financial assets measured at amortized cost		(c)
Cash and cash equivalents	5,111,929		Cash and cash equivalents	5,111,929	
Debt instrument investment for which no active market exists	59,208	(59,208)	-	-	
-	-	59,208	Financial assets measured at amortized cost	59,208	
-	-	661,467	Contract assets	661,467	
Notes receivables	3,663,328		Notes receivables	3,663,328	
Accounts receivables	6,060,099	(661,467)	Accounts receivables	5,398,632	
Other receivables	144,653		Other receivables	144,653	
Other financial assets	220,284		Other financial assets	220,284	
Refundable deposits	231,158		Refundable deposits	231,158	
Subtotal	15,490,659				
Total	$16,438,827		Total	$16,438,827	
Equity items					
Unrealized gains or losses on available-for-sale financial assets	(113,724)	113,724	-	-	
		(113,724)	Unrealized gains and losses on financial assets at fair value through other comprehensive income	(113,724)	(b)

Notes:

(a) In accordance with IAS 39, financial assets classified as held for trading which measured at fair value through profit or loss might include financial product. In accordance with IFRS 9, as the cash flow characteristics for financial product are not solely payments of principal and interest on the principal amounts outstanding, they are classified as financial assets mandatorily measured at fair value through profit or loss. The change of classifications did not change the carrying amounts of these investments.

(b) In accordance with of IAS 39, the Group's available-for-sale financial assets included investments in stocks of listed and unlisted companies. The Group assessed the facts and circumstances existed as of January 1, 2018, and determined these stocks were not held-for-trading; therefore, so the Group elected to designate them as financial assets measured at fair value through other comprehensive income. As of January 1, 2018, the Group reclassified available-for-sale financial assets to financial assets measured at fair value through other comprehensive income of NT$264,232 thousand. As of January 1, 2018, this adjustment did not result any differences in the carrying amounts of assets, but reclassified within equity accounts. The Group reclassified unrealized gains or losses on available-for-sale financial assets of NT$(113,724) thousand to unrealized gains and losses on financial assets at fair value through other comprehensive income.

(c) In accordance with IAS 39, the cash flow characteristics for loans and receivables are solely payments of principal and interest on the principal amount outstanding. The assessment of the business model is based on the facts and circumstances that existed as of January 1, 2018. These financial assets were measured at amortized cost as they were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. Besides, in accordance with IFRS 9, there was no adjustment arisen from the assessment of impairment losses for the aforementioned assets as of January 1, 2018.

c. Please refer to Note 4, Note 5, Note 6 and Note 12 for the related disclosures required by IFRS 7 and IFRS 9.

C. *Disclosure Initiative — Amendment to IAS 7 "Statement of Cash Flows":*

The Group required to provide a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities. Please refer to Note 12(6) for more details.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below:

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 16 "Leases"	January 1, 2019
B	IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019
C	IAS 28 "Investment in Associates and Joint Ventures" — Amendments to IAS 28	January 1, 2019
D	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
E	Improvements to International Financial Reporting Standards (2015-2017 cycle)	January 1, 2019
F	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	January 1, 2019

A. *IFRS 16"Leases"*

The new standard requires lessees to account for all leases under one single accounting model (except for short-term or low-value asset lease exemptions), which is for lessees to recognize right-of-use assets and lease liabilities on the balance sheet and the depreciation expense and interest expense associated with those leases in the consolidated statements of comprehensive income. Besides, lessors' classification remains unchanged as operating or finance leases, but additional disclosure information is required.

B. IFRIC 23 "*Uncertainty Over Income Tax Treatments*"

The Interpretation clarifies application of recognition and measurement requirements in IAS 12 "Income Taxes" when there is uncertainty over income tax treatments.

C. *IAS 28"Investment in Associates and Joint Ventures" — Amendments to IAS 28*

The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture before it applies IAS 28, and in applying IFRS 9, does not take account of any adjustments that arise from applying IAS 28.

D. *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract, to be measured at amortized cost or at fair value through other comprehensive income.

E. *Improvements to International Financial Reporting Standards (2015-2017 cycle):*

IFRS 3 "Business Combinations"

The amendments clarify that an entity that has joint control of a joint operation shall remeasure its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity that participates in, but does not have joint control of, a joint operation does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income Taxes"

The amendments clarify that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

IAS 23 "Borrowing Costs"

The amendments clarify that an entity should treats as part of general borrowings any borrowing made specifically to obtain an asset when the asset is ready for its intended use or sale.

F. *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*

The amendments clarify that when a change in a defined benefit plan is made (such as amendment, curtailment or settlement, etc.), the entity should use the updated assumptions to remeasure its net defined benefit liability or asset.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2019. Apart from item (A) explained below, the remaining standards and interpretations have no material impact on the Group.

IFRS 16 "Leases"

IFRS 16 "Leases" replaces IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentives" and SIC-27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The impact arising from the adoption of IFRS 16 on the Group are summarized as follows:

a. For the definition of a lease, the Group elects not to reassess whether a contract is, or contains, a lease at the date of initial application (January 1, 2019) in accordance with the transition provision in IFRS 16. Instead, the Group is permitted to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 but not to apply IFRS 16 to contracts that were not previously identified as containing a lease applying IAS 17 and IFRIC 4.

The Group is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Group recognizes the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

Leases classified as operating leases

For leases that were classified as operating leases applying IAS 17, the Group expects to measure and recognize those leases as lease liability on January 1, 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019 and; the Group chooses, on a lease-by-lease basis, to measure the right-of-use asset at:

i. its carrying amount as if IFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate on January 1, 2019.

The Group expects the right-of-use asset will increase by NT$3,151,189 thousand,prepayments will decrease by NT$85,412 thousand,long-term prepaid rent will decrease by NT$2,887,765 thousand and the lease liability will increase by NT$178,185 thousand on January 1, 2019. The difference will be adjusted as retained earnings of NT$173 thousand.

b. The additional disclosures of lessee and lessor required by IFRS 16 will be disclosed in the relevant notes.

(3) Standards or interpretations issued, revised or amended, by IASB but not yet endorsed by FSC at the date of issuance of the Group's financial statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2021
C	Definition of a Business (Amendments to IFRS 3)	January 1, 2020
D	Definition of Material (Amendments to IAS 1 and 8)	January 1, 2020

A. *IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures*

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

B. IFRS 17 "*Insurance Contracts*"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The fulfilment cash flows comprise of the following:

a. estimates of future cash flows;
b. Discount rate: an adjustment to reflect the time value of money and the financial risks related to the future cash flows, to the extent that the financial risks are not included in the estimates of the future cash flows; and
c. a risk adjustment for non-financial risk.

The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims. Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

C. *Definition of a Business* (Amendments to IFRS 3)

The amendments clarify the definition of a business in IFRS 3 Business Combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition.

IFRS 3 continues to adopt a market participant's perspective to determine whether an acquired set of activities and assets is a business. The amendments clarify the minimum requirements for a business; add guidance to help entities assess whether an acquired process is substantive; and narrow the definitions of a business and of outputs; etc.

D. *Definition of a Material* (Amendments to IAS 1 and 8)

The main amendment is to clarify new definition of material. It states that "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information. An entity will need to assess whether the information, either individually or in combination with other information, is material in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under A, it is not practicable to estimate their impact on the Group at this point in time. Another has no material impact on the Group.

4. Summary of significant accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2018 and 2017 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which are endorsed by the FSC.

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. recognizes any surplus or deficit in profit or loss; and
F. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss.

The consolidated entities are listed as follows:

Investor	Subsidiary	Main businesses	Percentage of ownership (%) December 31, 2018	Percentage of ownership (%) December 31, 2017	
The Company	Taiwan Glass USA Sales Corp. (TGUS)	Holding company investing in Mainland China, selling of glass and etc.	100.00%	100.00%	
〃	Taiwan Glass China Holding Ltd. (TGCH)	Holding company investing in Mainland China	93.98%	93.78%	Note 1
〃	Taiwan Autoglass Ind. Corp. (TAG)	Holding company investing in Mainland China, selling of autoglass etc.	87.00%	87.00%	
〃	TG Teco Vacuum Insulated Glass Corp. (TVIG)	Selling vacuum insulation glass	65.00%	65.00%	
〃	Hario TG Glass Corp. (HTG)	Selling kitchen appliance	-	50.00%	Note 2
Taiwan Glass USA Sales Corp.	Qingdao Rolled Glass Co., Ltd. (QRG)	Manufacturing of rolled glass	16.30%	16.30%	
Taiwan Glass China Holding Ltd.	Qingdao Rolled Glass Co., Ltd. (QRG)	Manufacturing of rolled glass	4.10%	4.10%	
〃	TG Qingdao Glass Co., Ltd. (QFG)	Manufacturing of flat	100.00%	100.00%	
〃	Yinan Silica Sand Co., Ltd. (YNSS)	Manufacturing of silica sand	63.38%	63.38%	
〃	TG Changjiang Glass Co., Ltd. (CFG)	Manufacturing of flat and low-emission glass	100.00%	100.00%	
〃	TG Fengyang Silica Sand Co., Ltd. (FYSS)	Manufacturing of silica sand	100.00%	100.00%	
〃	Taichia Glass Fiber Co., Ltd. (TGF)	Manufacturing of glass fabric & fiber	100.00%	100.00%	
〃	TG Chengdu Glass Co., Ltd. (CDG)	Manufacturing of flat and low-emission glass	100.00%	100.00%	
〃	TG Hanzhong Silica Sand Co., Ltd. (HZSS)	Manufacturing of silica sand	100.00%	100.00%	
〃	TG Donghai Glass Co., Ltd. (DHG)	Manufacturing of flat glass	100.00%	100.00%	
〃	TG Huanan Glass Co., Ltd. (HNG)	Manufacturing of flat and low-emission glass	100.00%	100.00%	
〃	TG Tianjin Glass Co., Ltd. (TJG)	Manufacturing of flat and low-emission glass	100.00%	100.00%	
〃	TG Kunshan Glass Co., Ltd. (TKG)	Manufacturing of flat glass	100.00%	100.00%	
〃	TG Fujian Photovoltaic Glass Co., Ltd. (FPG)	Manufacturing of photovoltaic glass and cell module assembly	100.00%	100.00%	
〃	TG Xianyang Glass Co., Ltd. (TXY)	Manufacturing of flat glass and low-emission glass	100.00%	100.00%	
〃	TG Taicang Architectural Glass Co., Ltd. (TTAR)	Manufacturing of low-emission glass	100.00%	100.00%	
〃	TG Wuhan Architectural Glass Co., Ltd. (TWAR)	Manufacturing of low-emission glass	100.00%	100.00%	

Investor	Subsidiary	Main businesses	Percentage of ownership (%) December 31, 2018	Percentage of ownership (%) December 31, 2017	
〃	TG Anhui Glass Co., Ltd. (TAH)	Manufacturing of flat glass	100.00%	100.00%	
〃	TG Yueda Autoglass Co., Ltd. (TYAU)	Manufacturing of autoglass	51.18%	51.18%	
〃	TG Yueda Solar Glass Co., Ltd. (TYSM)	Manufacturing of solar glass	75.00%	75.00%	
〃	Taichia Chengdu Glass Fiber Co., Ltd. (TCD)	Manufacturing of glass fiber	100.00%	100.00%	
〃	Taichia Bengbu Glass Fiber Co., Ltd. (TBF)	Manufacturing of glass fiber	100.00%	100.00%	
TG Qingdao Glass Co., Ltd.	Qingdao Rolled Glass Co., Ltd. (QRG)	Manufacturing of rolled glass	79.60%	79.60%	
〃	TG (Qingdao) Photoelectric Technology Co., Ltd. (TQPT)	Manufacturing of ITO conductive glass	70.00%	70.00%	Note 3
TG Huanan Glass Co., Ltd.	TG Zhangzhou Silica Sand Co., Ltd. (ZZSS)	Manufacturing of silica sand	100.00%	100.00%	
〃	TG Heyuan Mineral Co., Ltd. (HYM)	Mining	60.00%	60.00%	
Taiwan Autoglass Ind. Corp.	TAG China Holding Ltd. (TAGH)	Holding company investing in Mainland China	100.00%	100.00%	
TAG China Holding Ltd.	TG Yueda Autoglass Co., Ltd. (TYAU)	Manufacturing of autoglass	8.82%	8.82%	
TG Xianyang Glass Co., Ltd.	Xianyang Jienengdun Glass Co., Ltd. (XYES)	Selling flat glass	100.00%	100.00%	
TG Wuhan Architectural Glass Co., Ltd.	Wuhan Jienengzhixing Glass Co., Ltd. (WHES)	Selling flat glass	100.00%	100.00%	
TG Chang Jiang Glass Co., Ltd.	Kunshan Energy Star Glass Co., Ltd. (KSES)	Selling flat glass	100.00%	100.00%	

Note 1: For the year ended December 31, 2018, the Company reinvested US$46,782 thousand (equivalent to NT$1,434,797 thousand) in its affiliate in Mainland China through TGCH. As the Company did not acquire new shares in proportion to its ownership in the subsidiary, the Company increased its ownership in TGCH to 93.98% and recognized additional paid-in capital in the amount of NT$3,643 thousand.

Note 2: To engage in importing and sales of kitchen appliance, the Company established Hario TG Glass Corp. in 2012 with Hario Glass Co., Ltd., a Japanese company. The subsidiary has completed the liquidation and the Company has lost its control.

Note 3: A new investment of TG Qingdao Glass Co., Ltd. was set up in 2017.

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 *Financial Instruments* (Before January 1, 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following are accounted for as disposals even if an interest in the foreign operation is retained by the Group: the loss of control over a foreign operation, the loss of significant influence over a foreign operation, or the loss of joint control over a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
B. The Group holds the asset primarily for the purpose of trading;
C. The Group expects to realize the asset within twelve months after the reporting period; or
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Group expects to settle the liability in its normal operating cycle;
B. The Group holds the liability primarily for the purpose of trading;
C. The liability is due to be settled within twelve months after the reporting period; or
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value (include fixed-term deposits that have maturities of 3 months from the date of acquisition).

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* (Before January 1, 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

The accounting policy from January 1, 2018 as follows:

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Group's business model for managing the financial assets and

b. the contractual cash flow characteristics of the financial asset.

Financial asset measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.

b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

    (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

The accounting policy before January 1, 2018 as follows:

The Group accounts for regular way purchase or sales of financial assets on the trade date.

Financial assets of the Group are classified as financial assets at fair value through profit or loss, held-to-maturity investments, available-for-sale financial assets and loans and receivables. The Group determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading.

A financial asset is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial asset at fair value through profit or loss; or a financial asset may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Financial assets at fair value through profit or loss are measured at fair value with changes in fair value recognized in profit or loss. Dividends or interests on financial assets at fair value through profit or loss are recognized in profit or loss (including those received during the period of initial investment).

If financial assets do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

<u>Available-for-sale financial assets</u>

Available-for-sale investments are non-derivative financial assets that are designated as available-for-sale or those not classified as financial assets at fair value through profit or loss, held-to-maturity financial assets, or loans and receivables.

Foreign exchange gains and losses and interest calculated using the effective interest method relating to monetary available-for-sale financial assets, or dividends on an available-for-sale equity instrument, are recognized in profit or loss. Subsequent measurement of available-for-sale financial assets at fair value is recognized in equity until the investment is derecognized, at which time the cumulative gain or loss is recognized in profit or loss.

If equity instrument investments do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial assets measured at cost on balance sheet and carried at cost net of accumulated impairment losses, if any, as at the reporting date.

<u>Held-to-maturity financial assets</u>

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to-maturity when the Group has the positive intention and ability to hold it to maturity, other than those that are designated as available-for-sale, classified as financial assets at fair value through profit or loss, or meet the definition of loans and receivables.

After initial measurement held-to-maturity financial assets are measured at amortized cost using the effective interest method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the Group upon initial recognition designates as available for sale, classified as at fair value through profit or loss, or those for which the holder may not recover substantially all of its initial investment.

Loans and receivables are separately presented on the balance sheet as receivables or debt instrument investments for which no active market exists. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or transaction costs. The effective interest method amortization is recognized in profit or loss.

B. Impairment of financial assets

The accounting policy from January 1, 2018 as follows:

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.

c. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

The accounting policy before January 1, 2018 as follows:

The Group assesses at each reporting date whether there is any objective evidence that a financial asset other than the financial assets at fair value through profit or loss is impaired. A financial asset is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more loss events that has occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset. The carrying amount of the financial asset impaired, other than receivables impaired which are reduced through the use of an allowance account, is reduced directly and the amount of the loss is recognized in profit or loss.

A significant or prolonged decline in the fair value of an available-for-sale equity instrument below its cost is considered a loss event.

Other loss events include:

a. significant financial difficulty of the issuer or obligor; or
b. a breach of contract, such as a default or delinquency in interest or principal payments; or
c. it becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
d. the disappearance of an active market for that financial asset because of financial difficulties.

For held-to-maturity financial assets and loans and receivables measured at amortized cost, the Group first assesses individually whether objective evidence of impairment exists individually for financial asset that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exits for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows. The present value of the estimated future cash flows is discounted at the financial assets original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. Interest income is accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

In the case of equity investments classified as available-for-sale, where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss – is removed from other comprehensive income and recognized in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recognized in profit or loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through profit or loss.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the asset have expired
b. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
c. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

D. Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

<u>Financial liabilities</u>

Financial liabilities within the scope of IFRS 9 *Financial Instruments* (before January 1, 2018: IAS 39 *Financial Instruments: Recognition and Measurement*) are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

<u>Financial liabilities at amortized cost</u>

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and conditions are accounted for as follows:

Raw materials - Purchase cost on a weighted average cost basis.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

When the changes of ownership in its associate don't result from the gain and loss and other comprehensive income and doesn't affect the Group's ownership, it recognize the change of the ownership in proportion. Therefore, the Group recognize the gain or loss in proportion when dispose its associate in the future.

When the Group subscribes for additional associate's new shares at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to paid-in capital and the investment under equity method. When the investment percentage decreases, reclassify the account which recognized to comprehensive income before to the gain or loss and suitable account in proportion.

The financial statements of the associate are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired by the requirements of IAS 39 *Financial Instruments: Recognition and Measurement.* If there is any objective evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in the scope of IAS 36 *Impairment of Assets.* If the recoverable amount is under the investment value in use, the Group uses the following measurements to determine the relevant value:

A. The Group's right on the estimated future cash flow from its associate include associate's cash flow from operation and the capital gain on the final settlement. Or
B. The Group's expected present value of the dividend from the investment and the capital gain on the final settlement.

The goodwill result from the formation of the associate isn't recognized individually. Therefore, it is no needs to in line with IAS 36 *Impairment of Assets.*

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, 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 entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment.* When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line or a fixed-rate declining method basis over the estimated economic lives of the following assets:

Buildings	5~55 years
Machinery and equipment	2~20 years
Transportation equipment	5~10 years
Office equipment	3~30 years
Delectable assets	5~12 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

Group as a lessee

Finance leases which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

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

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

Intangible assets are all finite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss.

Research and development costs

Research costs are expensed as incurred. Development expenditures, on an individual project, are recognized as an intangible asset when the Group can demonstrate:

A. The technical feasibility of completing the intangible asset so that it will be available for use or sale
B. Its intention to complete and its ability to use or sell the asset
C. How the asset will generate future economic benefits
D. The availability of resources to complete the asset
E. The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the cost model is applied requiring the asset to be carried at cost less any accumulated amortization and accumulated impairment losses. During the period of development, the asset is tested for impairment annually. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit.

Accounting policies of the Group's intangible assets are summarized as follows:

	Development costs	Mining Right
Useful lives	Finite	Finite
Amortization method used	Amortized over the period of expected future sales from the related project on a straight-line basis	Amortized over the period of estimated life on a straight-line basis
Internally generated or acquired	Internally generated	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset’s or cash-generating unit’s recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue recognition

The accounting policy from January 1, 2018 as follows:

The Group’s revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group is high-end machinery and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. to the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The credit period of the Group's sale of goods is from 5 to 180 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

The accounting policy after January 1, 2018 as follows:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognized:

Sale of goods

Revenue from the sale of goods is recognized when all the following conditions have been satisfied:

(a) the significant risks and rewards of ownership of the goods have passed to the buyer;
(b) neither continuing managerial involvement nor effective control over the goods sold have been retained;
(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 entity; and
(e) the costs incurred in respect of the transaction can be measured reliably.

Interest income

For all financial assets measured at amortized cost (including loans and receivables and held-to-maturity financial assets) and available-for-sale financial assets, interest income is recorded using the effective interest rate method and recognized in profit or loss.

Dividends

Revenue is recognized when the Group's right to receive the payment is established.

(17) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(18) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Group receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

(19) Post-employment benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Group recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(20) Income taxes

Income tax expense (benefit) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred income tax

Deferred income tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Judgment

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements:

De facto control without a majority of the voting rights in subsidiaries

The Group does not have majority of the voting rights in certain subsidiaries. However, after taking into consideration factors such as absolute size of the Group's holding, the Group reached the conclusion that it has de facto control over these subsidiaries. Please refer to Note 4 for further details.

(2) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

B. Inventories

The Group estimates the net realizable value of inventory for damage, obsolescence and price decline. The net realizable value of the inventory is mainly determined based on reliable evidence of expected cash flow. Please refer to Note 6.

C. Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

D. Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and expected rate of salary increase.

E. Revenue recognition – sales returns and allowance

<u>Starting from January 1, 2018:</u>

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Please refer to Note 6 for more details.

Before January 1, 2018:

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. Please refer to Note 6 for more details.

F. Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details on unrecognized deferred tax assets.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As of December 31,	
	2018	2017
Cash on hand	$2,159	$3,908
Checking and savings accounts	4,471,432	4,952,861
Time deposits	92,361	68,317
Equivalent cash, including investments in bonds with resale agreements	141,295	90,751
Total	$4,707,247	$5,115,837

(2) Financial assets at fair value through profit or loss

	As of December 31,	
	2018	2017
Financial assets mandatorily measured at fair value through profit or loss:		
Financial products	$478,859	

	107.12.31
Current	$478,859
Non-current	-
Total	$478,859

	As of December 31,	
	2018	2017
Held for trading:		
Guaranteed financial products		$683,936

	As of December 31,	
	2018	2017
Current		$683,936
Non-current		-
Total		$683,936

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Financial assets were not pledged.

(3) Financial assets measured at amortized cost

	As of December 31,	
	2018	2017
Time deposit	$30,714	

	2018.12.31
Current	$30,714
Non-current	-
Total	$30,714

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Debt instrument investment for which no active market exists

	As of December 31,	
	2018	2017
Time deposit		$59,208

	As of December 31,	
	2018	2017
Current		$59,208
Non-current		-
Total		$59,208

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

The Group adopted IAS 39 before January 1, 2018 and classified certain financial assets as debt instrument investments for which no active market exists. Please refer to Note 8 for more details on debt instrument investment for which no active market exists under pledge.

(5) Notes receivables and notes receivable – related parties

	As of December 31,	
	2018	2017
Notes receivables arising from operating activities	$4,853,940	$3,630,353
Less: loss allowance	-	-
Subtotal	4,853,940	3,630,353
Notes receivables from related parties	101,590	32,975
Less: loss allowance	-	-
Subtotal	101,590	32,975
Total	$4,955,530	$3,663,328

Notes receivables were not pledged.

The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6. (23) for more details. Furthermore, please refer to Note 12 for more details on credit risk.

(6) Accounts receivable and accounts receivable – related parties

	As of December 31, 2018	2017
Accounts receivable	$4,665,141	$6,291,227
Less: loss allowance	(212,423)	(280,928)
allowance for sales returns and discount	-	(1,623)
Subtotal	4,452,718	6,008,676
Accounts receivable from related parties	68,429	51,423
Less: loss allowance	-	-
Subtotal	68,429	51,423
Total	$4,521,147	$6,060,099

Accounts receivables were not pledged.

Please refer to Note 12. (11) for disclosure on information of accounts receivable transferred.

Accounts receivable are generally on 5-180 day terms. The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6. (23) for more details on loss allowance. The Group adopted IAS 39 for impairment assessment before January 1, 2018. The movements in the provision for impairment of accounts receivables and accounts receivables-related parties during 2017 are as follows (Please refer to Note 12 for more details on credit risk management.):

	Individually impaired	Collectively impaired	Total
As of December 31, 2016	$333	$142,488	$142,821
(Reversal) charge for the current period	(333)	145,563	145,230
Write-off for the current period	-	(5,818)	(5,818)
Exchange effect	-	(1,305)	(1,305)
As of December 31, 2017	$-	$280,928	$280,928

Impairment loss that was individually determined for the years ended December 31, 2017 arose due to the fact that the counterparty was in financial difficulties. The amount of impairment loss recognized was the difference between the carrying amount of the accounts receivable and the present value of its expected recoverable amount. The Group does not hold any collateral for such accounts receivable.

Ageing analysis of accounts receivable and accounts receivable from related parties that are past due as at the end of the reporting period is as follows:

	Neither past	Past due but not impaired			
As of	due nor impaired	1~90 days	91~365 days	≥366 days	Total
December 31, 2017	$5,546,179	$339,180	$174,200	$540	$6,060,099

(7) Other receivables, net

	As of December 31,	
	2018	2017
Other receivables	$246,175	$176,785
Less: allowance for doubtful debts	(31,573)	(32,132)
Total	$214,602	$144,653

The Group adopted IFRS 9 for impairment assessment since January 1, 2018. Please refer to Note 6. (23) for more details.

Impairment loss of other receivables that was individually determined arose due to a trading dispute with the counterparty. The amount of impairment loss recognized was the difference between the carrying amount of the accounts receivable and the present value of its expected recoverable amount. The Group does not hold any collateral for such accounts receivable.

Ageing analysis of other receivable that are past due as at the end of the reporting period is as follows:

As of	Neither past due nor impaired	Past due but not impaired ≥366 days	Total
December 31, 2017	$100,248	$44,405	$144,653

(8) Inventories, net

	As of December 31,	
	2018	2017
Raw materials	$2,449,022	$2,114,454
Supplies	746,507	804,151
Work in progress	601,466	573,015
Finished goods	5,053,849	3,875,940
Commodities	419	18,630
Total	$8,851,263	$7,386,190

The cost of inventories recognized in expenses amounted to NT$38,755,048 thousand and NT$37,231,578 thousand for the years ended December 31, 2018 and 2017, respectively, including:

	For the years ended December 31,	
	2018	2017
Losses (gains) for market price decline of inventories	$283,044	$(107,816)
(Gains) losses on physical inventory	(41,480)	8
Unallocated fixed costs	363,866	472,714
Revenue from sale of scraps	(179,715)	(162,459)
Additions to operating costs	$425,715	$202,447

The circumstances that caused the net realizable value of inventory to be lower than its cost no longer exist. As a result, the Group recognized gains from price recovery of inventories for the year ended December 31, 2017.

No inventories were pledged.

(9) Financial assets at fair value through other comprehensive income

	As of December 31,	
	2018	2017 (Note)
Equity instrument investments measured at fair value through other comprehensive income – non-current:		
Listed companies' stocks	$210,750	
Unlisted companies' stocks	52,582	
Total	$263,332	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate period periods in accordance with the transition provision in IFRS 9.

Financial assets at fair value through other comprehensive income were not pledged.

(10) Available-for-sale financial assets

	As of December 31,	
	2018(Note)	2017
Stocks:		
China Development Financial Holdings Corp.		$220,066
Chi-Ye Chemical Corp.		44,159
Chang Hwa Commercial Bank, Ltd.		5
Hua Nan Financial Holdings Co., Ltd.		2
Total		$264,232

	As of December 31,	
	2018	2017
Current		$-
Non-current		264,232
Total		$264,232

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

The Group adopted IAS 39 before January 1, 2018 and classified certain financial assets as available-for-sale financial assets. No available-for-sale financial assets were pledged.

(11) Investments accounted for using the equity method

The following table lists the investments in the associate of the Group:

	As of December 31,			
	2018		2017	
Investees	Carrying amount	Percentage of Ownership	Carrying amount	Percentage of Ownership
Shihlien China Holding Co., Ltd.	$4,122,959	43.99%	$3,001,820	38.68%
Taibo Anhui Energy Co., Ltd.	13,353	20.00%	29,518	20.00%
Totals	$4,136,312		$3,031,338	

A. Information on the material associate of the Group:

Company name: Shihlien China Holding Co., Ltd. (SCH)

Nature of the relationship with the joint venture: SCH is in the business of manufacturing and selling related products in the Group's industry chain. The Group invested in SCH for the purpose of upstream/downstream integration.

Principal place of business (country of incorporation): Hong Kong

The summarized financial information of the associate is as follows:

	As of December 31,	
	2018	2017
Current assets	$4,201,540	$3,884,885
Non-current assets	22,832,238	23,125,548
Current liabilities	(8,093,682)	(10,319,656)
Non-current liabilities	(9,438,121)	(8,837,059)
Equity	9,501,975	7,853,718
the Group's ownership percentage	43.99%	38.68%
Subtotal	4,179,919	3,037,818
Eliminations from intercompany transactions	(56,960)	(35,998)
Carrying amount of the investment	$4,122,959	$3,001,820

	For the years ended December 31,	
	2018	2017
Operating revenue	$11,596,190	$11,186,500
Net income from continuing operations	532,595	69,962
Total other comprehensive income, net of tax	(724,500)	576,493
Total comprehensive income	(191,905)	646,455

B. The Group’s investments in Taibo Anhui Energy Co., Ltd. (TRAE) is not individually material. The aggregate carrying amount of the Group’s interests in TRAE was NT$13,353 thousand and NT$29,518 thousand for the years ended December 31, 2018 and 2017, respectively. The aggregate financial information based on the Group’s share of TRAE is as follows:

	For the years ended December 31,	
	2018	2017
Net losses from continuing operations	$(2,267)	$(1,597)
Total other comprehensive income, net of tax	890	(617)
Total comprehensive income	(1,377)	(2,214)

The associates had no contingent liabilities or capital commitments as of December 31, 2018 and 2017, and were not pledged.

(12) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Lease assets	Construction in progress and equipment awaiting examination	Total
Cost:								
As of January 1, 2017	$3,806,624	$28,899,504	$72,974,679	$978,928	$2,500,111	$139,755	$2,180,475	$111,480,076
Additions	-	48,810	329,824	17,319	134,498	-	1,734,694	2,265,145
Disposals	-	(3,850)	(241,527)	(24,004)	(31,772)	-	(743)	(301,896)
Transfers	-	371,703	1,611,301	859	31,293	-	(2,015,156)	-
Exchange effect	(802)	(384,798)	(923,265)	(13,799)	(36,198)	(2,628)	(30,998)	(1,392,488)
Other changes	-	2,491	(191,137)	8,094	9,442	-	242,302	71,192
As of December 31, 2017	3,805,822	28,933,860	73,559,875	967,397	2,607,374	137,127	2,110,574	112,122,029
Additions	-	42,602	381,513	30,677	64,668	-	3,896,475	4,415,935
Disposals	-	-	(911,629)	(11,173)	(91,022)	(137,289)	(290)	(1,151,403)
Transfers	-	235,685	1,317,468	18,116	30,347	-	(1,601,616)	-
Exchange effect	314	(363,127)	(870,325)	(12,740)	(38,264)	162	(78,897)	(1,362,877)
Other changes	-	9,734	(185,365)	7,056	80,854	-	900,841	813,120
As of December 31, 2018	$3,806,136	$28,858,754	$73,291,537	$999,333	$2,653,957	$-	$5,227,087	$114,836,804
Depreciation and impairment:								
As of January 1, 2017	$-	$12,249,823	$41,132,940	$635,375	$1,902,509	$18,348	$-	$55,938,995
Depreciation	-	1,140,307	3,932,408	45,091	138,911	17,583	-	5,274,300
Disposals	-	(3,274)	(213,113)	(21,198)	(29,776)	-	-	(267,361)
Transfers	-	-	-	-	-	-	-	-
Exchange effect	-	(123,720)	(488,772)	(7,825)	(28,885)	(126)	-	(649,328)
Other changes	-	5,307	(139,713)	-	28,477	-	-	(105,929)
As of December 31, 2017	-	13,268,443	44,223,750	651,443	2,011,236	35,805	-	60,190,677
Depreciation	-	1,167,036	3,832,730	30,356	110,941	1,433	-	5,142,496
Loss on impairment	-	-	376,672	-	-	-	-	376,672
Disposals	-	-	(838,872)	(10,248)	(82,579)	(37,280)	-	(968,979)
Transfers	-	-	-	-	-	-	-	-
Exchange effect	-	(153,628)	(571,527)	(7,308)	(30,482)	42	-	(762,903)
Other changes	-	4,758	(31,647)	-	53,210	-	-	26,321
As of December 31, 2018	$-	$14,286,609	$46,991,106	$664,243	$2,062,326	$-	$-	$64,004,284
Net carrying amount as of:								
December 31, 2018	$3,806,136	$14,572,145	$26,300,431	$335,090	$591,631	$-	$5,227,087	$50,832,520
December 31, 2017	$3,805,822	$15,665,417	$29,336,125	$315,954	$596,138	$101,322	$2,110,574	$51,931,352

With respect to the flat glass business department, some of the subsidiaries in China suffered operating loss due to market impact and economic outlook, as a result the Group wrote off some machinery equipment to recoverable amount, and its fair value hierarchy was categorized at Level 3. The above fair value was evaluated by an independent external appraiser, and the evaluation methods adopted include comparison method and cost method. The key assumptions included replacement costs, physical depreciation, and economic devaluation. Based on the assessment results, the Group recognized impairment loss in the amount of NT$376,672 thousand in 2018 under other gains and losses. Please refer to Note 6.(27) for more details.

Capitalized borrowing costs of property, plant and equipment are as follows:

Item	For the years ended December 31, 2018	2017
Construction in progress	$21,040	$6,941
Capitalization rate of borrowing costs	1.53%~5.20%	1.55%~1.81%

Components of machinery and equipment that have different useful lives are furnace and platinum, which are depreciated over 12 years and 20 years, respectively.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(13) Intangible assets

	Development costs	Mining rights	Other intangible assets	Total
Cost:				
As of January 1, 2017	$68,009	$111,367	$26,934	$206,310
Addition-internal development	-	-	628	628
Addition-acquired separately	-	-	-	-
Transfers	-	-	8,046	8,046
Exchange effect	(1,279)	(2,094)	(2,357)	(5,730)
As of December 31, 2017	66,730	109,273	33,251	209,254
Addition-internal development	-	-	3,418	3,418
Addition-acquired separately	-	-	(295)	(295)
Transfers	-	-	5,467	5,467
Exchange effect	(1,160)	(1,900)	(120)	(3,180)
As of December 31, 2018	$65,570	$107,373	$41,721	$214,664
Amortization and impairment:				
As of January 1, 2017	$30,279	$35,272	$17,365	$82,916
Amortization	21,867	7,398	4,194	33,459
Transfers	-	-	4,955	4,955
Exchange effect	(297)	(571)	(2,288)	(3,156)
As of December 31, 2017	51,849	42,099	24,226	118,174
Amortization	14,898	8,349	6,060	29,307
Disposal	-	-	(295)	(295)
Transfers	-	880	(880)	-
Exchange effect	(1,177)	(903)	(99)	(2,179)
As of December 31, 2018	$65,570	$50,425	$29,012	$145,007
Net carrying amount as of:				
December 31, 2018	$-	$56,948	$12,709	$69,657
December 31, 2017	$14,881	$67,174	$9,025	$91,080

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended December 31,	
	2018	2017
Operating costs	$16,852	$675
General and administrative expenses	10,455	8,049
Research and development costs	-	21,867
Other losses	2,000	2,868
Total	$29,307	$33,459

(14) Prepaid rent

	As of December 31,	
	2018	2017
Current (recorded as prepayments)	$84,680	$78,337
Non-current (recorded as long-term prepaid rent)	2,887,765	2,944,870
Total	$2,972,445	$3,023,207

Prepaid rent above is the land use right for the subsidiaries in Mainland China.

(15) Other non-current assets

	As of December 31,	
	2018	2017
Investment property	$17,938	$18,139
Overdue receivables	772,210	793,103
Less: allowance for doubtful accounts	(772,210)	(793,103)
Overdue receivables, net	-	-
Others	25,402	25,044
Net	$43,340	$43,183

No investment property was pledged.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties is NT$172,543 thousand and NT$170,914 thousand, as of December 31, 2018 and 2017, respectively. The fair value has been determined based on valuations performed by an independent appraiser. The valuation method used is direct capitalized method and market approach, and the inputs used are as follows:

Direct capitalization method:

	As of December 31,	
	2018	2017
Income capitalization rate	1.42%~2.24%	1.43%~2.24%

(16) Short-term loans

	As of December 31,	
	2018	2017
Unsecured bank loans	$2,123,766	$527,725
Secured bank loans	4,916,894	5,777,912
Other loans	-	68,317
Total	$7,040,660	$6,373,954
Unsecured interest rates	1.00%~5.44%	1.49%~5.44%
Secured interest rates	3.76%~6.41%	3.13%~8.15%
Other interest rates	-	6.00%

The Group's unused short-term lines of credits amounted to NT$3,260,074 thousand and NT$2,203,124 thousand as of December 31, 2018 and 2017, respectively.

The above loans were guaranteed by the Company, its subsidiaries and other related parties. Please refer to Note 7. (16) for more details. Furthermore, please refer to Note 8 for more details on pledge.

(17) Short-term bills payable

	As of December 31,	
	2018	2017
Short-term bills payable	$3,300,000	$2,200,000
Less: unamortized discount	(4,430)	(3,961)
Net	$3,295,570	$2,196,039
Interest rates	1.3881%~1.400%	1.398%~1.468%

(18) Long-term loans

Details of long-term loans as of December 31, 2018 and 2017 are as follows:

				As of December 31,		
Lenders	Terms	Credit Line	Interest Rate	2018	2017	Redemption
Chang-Hwa Bank	2015.09.01-2020.09.01	NTD1,200,000	Floating interest rate	$400,000	$600,000	8 equal installments of the principal made every 6 months from the sixth year after borrowing date
Hua-Nan Bank	2015.12.23-2022.12.29	NTD3,000,000	〃	2,400,000	3,000,000	Repayable semiannually from June 23, 2018.
King's Town Bank	2016.03.30-2023.03.30	NTD1,100,000	〃	900,000	1,100,000	Repayable semiannually from March 30, 2018
Taiwan Cooperative Bank	2016.04.25-2019.04.25	NTD500,000	〃	-	500,000	12 equal installments of principal and interest from two years after borrowing date
COTA Commercial Bank	2016.09.05-2019.09.05	NTD100,000	〃	24,940	58,300	12 quarter installments of principal and interest from December 5, 2016

Lenders	Terms	Credit Line	Interest Rate	As of December 31, 2018	2017	Redemption
KGI Bank	2017.01.05-2019.01.05	NTD300,000	〃	260,000	260,000	Principal repaid at maturity
EnTie Commercial Bank	2016.08.23-2018.08.23	NTD500,000	〃	-	500,000	Principal repaid at maturity
Bank of China	2017.02.01-2019.01.31	NTD400,000	〃	-	400,000	Principal repaid at maturity
O-Bank	2016.12.06-2019.12.06	NTD1,000,000	〃	1,000,000	1,000,000	Principal repaid at maturity
Mega International Commercial Bank	2016.04.26-2019.04.26	NTD500,000	〃	-	350,000	Principal repaid at maturity
Taichung Commercial Bank	2017.12.20-2020.12.20	NTD500,000	〃	-	500,000	Principal repaid at maturity
JihSun Bank	2017.12.25-2019.12.25	NTD300,000	〃	300,000	90,000	Principal repaid at maturity
Far Eastern International Bank	2017.12.07-2019.12.07	NTD500,000	〃	500,000	500,000	Principal repaid at maturity
Bank of PanShin	2017.12.14-2019.12.14	NTD200,000	〃	200,000	200,000	Principal repaid at maturity
Bank of Kaohsiung	2017.12.14-2019.12.14	NTD300,000	〃	300,000	300,000	Principal repaid at maturity
Hua-Nan Bank	2017.05.26-2019.05.26	NTD1,000,000	〃	1,000,000	1,000,000	Principal repaid at maturity
Union Bank of Taiwan	2017.09.07-2019.03.07	NTD600,000	〃	600,000	600,000	Principal repaid at maturity
Taiwan Cooperative Bank	2018.06.25-2021.06.25	NTD500,000	〃	500,000	-	12 equal installments of principal and interest from June 25, 2020.
Shin Kong Commercial Bank	2018.06.27-2020.08.06	NTD300,000	〃	300,000	-	Principal repaid at maturity
The Export-Import Bank of the Republic of China	2018.08.01-2023.08.01	NTD600,000	〃	600,000	-	9 equal installments of the principal made every 6 months from August 1, 2019.
EnTie Commercial Bank	2018.08.20-2020.08.20	NTD500,000	〃	500,000	-	Principal repaid at maturity
Shanghai Commercial & Savings Bank	2018.09.05-2021.09.05	NTD200,000	〃	200,000	-	Principal repaid at maturity
Taiwan Business Bank	2018.10.18-2025.10.18	NTD1,000,000	〃	1,000,000	-	11 equal installments of the principal made every 6 months from October 18, 2020.
Chang Hwa Bank	2018.12.21-2021.12.21	NTD500,000	〃	500,000	-	4 equal installments of the principal made every 6 months from June 21, 2020.
Mizuho Corporate Bank	2011.09.01-2018.09.01	USD25,000	〃	-	135,272	11 installments of principal and interest made every 6 months from 2013 to 2018
Cathay United Bank	2011.04.14-2018.04.14	USD30,000	〃	-	81,164	11 equal installments of principal and interest from 14 April 2013
Cathay United Bank	2018.11.20-2023.11.20	USD25,000	〃	460,725	-	7 equal installments of principal and interest made every 6 months from November 20, 2020
Mega Bank	2018.01.22-2023.01.16	USD60,000	〃	1,842,900	-	7 installments of principal and interest made every 6 months from January 22, 2020

Lenders	Terms	Credit Line	Interest Rate	As of December 31, 2018	2017	Redemption
Syndicated loans (from Megabank and 10 others)	2014.03.12-2019.03.12	USD150,000	〃	-	1,913,092	7 installments of principal and interest starting from March 12, 2016
Mega Bank	2018.06.12-2021.06.12	USD30,000	〃	921,450	-	3 installments of principal and interest starting from June 12, 2020
Shanghai Commercial & Savings Bank	2017.04.07-2019.04.07	USD10,000	〃	46,073	145,824	6 equal installments of the principal made every 6 months
Shanghai Commercial & Savings Bank	2017.04.19-2019.04.19	USD15,000	〃	76,788	223,200	Principal made every 6 months from October 18, 2016
Shanghai Commercial & Savings Bank	2018.12.20-2021.12.19	USD10,000	〃	307,150	-	Principal repaid at maturity
E.SUN Commercial Bank	2013.04.10-2018.07.16	USD18,000	〃	-	178,560	Principal repaid at maturity
Far Eastern International Bank	2018.12.24-2020.12.24	USD15,000	〃	460,725	-	Principal repaid at maturity
Bank of Kaohsiung	2018.12.24-2021.12.24	USD10,000	〃	307,150	-	Principal repaid at maturity
KGI Bank	2018.01.05-2019.01.05	USD16,000	〃	-	476,160	Principal repaid at maturity
KGI Bank	2018.11.27-2020.11.27	USD16,000	〃	491,440	-	Principal repaid at maturity
O-Bank	2018.08.17-2020.08.17	USD7,000	〃	153,575	208,320	6 equal installments of principal from February 17, 2018
O-Bank	2018.05.14-2021.05.14	USD10,000	〃	261,078	-	6 installments of principal and interest starting from November 14, 2018
First bank	2018.05.28-2021.05.28	USD12,000	〃	233,000	-	6 installments of principal and interest starting from November 28, 2018
Chailease International Finance Corporation	2017.07.06-2020.05.30	RMB12,000	Fixed Rate	19,502	-	Principal repaid by month.
Rural Commercial Bank	2018.10.16-2021.10.15	RMB50,000	〃	75,185	-	6 installments of principal
Subtotal				17,141,681	14,319,892	
Less: current portion of long-term loans				(5,594,435)	(3,795,329)	
Total				$11,547,246	$10,524,563	

Note: As of December 31, 2018, part of long-term loans contained covenants that required the Group to maintain certain financial ratios such as the current ratio, the ratio of the total liabilities to the net tangible assets, the ratio of EBITDA to interest expense and the tangible assets net worth amount.

The above loans were guaranteed by the Company, its subsidiaries and other related parties. Furthermore, please refer to Note 8 for more details on pledge.

(19) Long-term deferred revenue

Government grant

	For the years ended December 31,	
	2018	2017
Beginning balance	$1,332,855	$1,411,633
Received during the period	41	9,017
Released to the statement of comprehensive income	(61,270)	(60,610)
Exchange effect	(22,036)	(27,185)
Ending balance	$1,249,590	$1,332,855

	As of December 31,	
	2018	2017
Non-current deferred revenue - government grants related to assets	$1,249,590	$1,332,855

Government grants have been received for prepaid long-term rent and property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants.

(20) Post-employment benefits

Defined contribution plan

The Company and its domestic subsidiaries adopt a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company and its domestic subsidiaries have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended December 31, 2018 and 2017 were NT$324,419 thousand and NT$295,734 thousand, respectively.

Defined benefits plan

The Company and its domestic subsidiaries adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company and its domestic subsidiaries contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company and its domestic subsidiaries assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company and its domestic subsidiaries will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$68,184 thousand to its defined benefit plan during the 12 months beginning after December 31, 2018.

Apart from the abovementioned pension funds, the Group has another fund managed by the pension fund management committee, and the plan is categorized as follows:

	As of December 31,	
	2018	2017
Investments with quoted prices in an active market		
Equity instruments-domestic	96%	100%
Debt instruments-domestic	4%	0%
Others	0%	0%

The durations of the defined benefits plan obligation as of December 31, 2018 and 2017 are 6 and 6 to 7 years, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2018 and 2017 are as follows:

	For the years ended December 31,	
	2018	2017
Current period service costs	$40,542	$42,058
Interest income or expense	694	3,945
Past service cost	-	-
Payments from the plan	-	-
Total	$41,236	$46,003

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As of		
	December 31, 2018	December 31, 2017	January 1, 2017
Defined benefit obligation at January 1	$2,203,668	$2,181,935	$2,059,298
Plan assets at fair value	(1,736,406)	(2,082,853)	(1,712,088)
Other non-current liabilities - Accrued pension liabilities recognized on the consolidated balance sheets	$467,262	$99,082	$347,210

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of January 1, 2017	$2,059,298	$1,712,088	$347,210
Current period service costs	42,058	-	42,058
Net interest expense (income)	24,409	20,464	3,945
Subtotal	2,125,765	1,732,552	393,213
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	4	-	4
Actuarial gains and losses arising from changes in financial assumptions	33,710	-	33,710
Experience adjustments	127,876	-	127,876
Return on plan assets	-	376,392	(376,392)
Subtotal	161,590	376,392	(214,802)
Payments from the plan	(105,420)	(105,420)	-
Contributions by employer	-	79,329	(79,329)
Effect of changes in foreign exchange rates	-	-	-
As of December 31, 2017	2,181,935	2,082,853	99,082
Current period service costs	40,542	-	40,542
Net interest expense (income)	15,274	14,580	694
Subtotal	2,237,751	2,097,433	140,318
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(983)	-	(983)
Actuarial gains and losses arising from changes in financial assumptions	(4,852)	-	(4,852)
Experience adjustments	83,983	-	83,983
Return on plan assets	-	(316,980)	316,980
Subtotal	78,148	(316,980)	395,128
Payments from the plan	(112,231)	(112,231)	-
Contributions by employer	-	68,184	(68,184)
Effect of changes in foreign exchange rates	-	-	-
As of December 31, 2018	$2,203,668	$1,736,406	$467,262

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As of December 31,	
	2018	2017
Discount rate	0.76%~0.78%	0.7%
Expected rate of salary increases	1.00%	1.00%

A sensitivity analysis for significant assumption as of December 31, 2018 and 2017 is as shown below:

	Effect on the defined benefit obligation			
	2018		2017	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increase by 0.5%	$(28,325)	$-	$(34,056)	$-
Discount rate decrease by 0.5%	-	102,981	-	134,877
Future salary increase by 0.5%	-	101,747	-	133,418
Future salary decrease by 0.5%	(28,399)	-	(34,120)	-

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(21) Equities

A. Common stock

The Company's authorized capital were both NT$30,000,000 thousand as of December 31, 2018 and 2017. The Company's issued capital were both NT$29,080,608 thousand as of December 31, 2018 and 2017, each at a par value of NT$10. The Company has issued both 2,908,061 thousand common shares as of December 31, 2018 and 2017. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of December 31,	
	2018	2017
Additional paid-in capital	$1,540,300	$1,540,300
Increase through changes in ownership interests in subsidiaries	258,091	254,448
Expired employee stock warrants	23,661	23,661
Gains on disposal of assets	103,166	103,166
Total	$1,925,218	$1,921,575

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its stockholders in proportion to the number of shares being held by each of them.

C. Rained earnings and dividend policies

According to the Company's Articles of Incorporation, the Company's annual earnings, if any, shall first set aside 1.5% as employee bonuses and no higher than 1.5% as directors and supervisor's remunerations. Nevertheless, the Company shall first make up for losses if there is accumulated losses. The Company shall make distributions from its net income (less any deficit) in the following order:

a. Offset an accumulated deficit.
b. Set aside 10% as legal reserve.
c. Set aside or reverse special reserve.
d. Following distributions of items "a" to "c" indicated above, the remaining amount, if any, shall be proposed by the board of directors at a board meeting to be distributed as shareholders dividends and bonuses.

Based on the Company's plan to achieve healthy financial standing, whether to distribute the beginning undistributed earnings should consider the actual operation of the year and the budget planning for the following year, to evaluate the necessity of providing funding via earnings distribution so as to determine the most appropriate dividend policy for sustainable business development. The said shareholders dividend and bonus distribution shall not be less than 50% of the distributable earnings after deducting the above items "a" to "c" from current net income. The Company's Articles of Incorporation further provide that no more than 1% of the dividends to shareholders, if any, could be paid in the form of share dividends. At least 20% of the dividends must be paid in the form of cash.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the stockholders.

When distributing distributable earnings, the Company has to set aside special reserve, for other net deductions from shareholders' equity of the period. For any subsequent reversal of other net deductions from stockholders' equity, the amount reversed may be distributed.

Following the adoption of TIFRS, the FSC on April 6, 2012 issued Order No. Financial-Supervisory-Securities-Corporate-1010012865, which sets out the following provisions for compliance:

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to stockholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. Following a company's adoption of the TIFRS for the preparation of its financial reports, when distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to "other net deductions from stockholders' equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements in the preceding point, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from stockholders' equity. For any subsequent reversal of other net deductions from stockholders' equity, the amount reversed may be distributed. The special reserves booked from first-time adoption of International Financial Reporting Standards were both NT$3,232,749 thousand as of December 31, 2018 and 2017, respectively. The Company did not reverse special reserve to retained earnings for using, disposing of or reclassifying relevant assets in 2018 and 2017.

Details of the 2018 and 2017 earnings distribution and dividends per share as approved by Board of Directors' meeting on March 18, 2019 and by the stockholders' meeting on June 13, 2018, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2018	2017	2018	2017
Legal reserve	$106,629	$212,377	$-	$-
Common stock-cash dividend	872,418	1,454,030	0.3	0.5
Common stock-stock dividend	-	-	-	-

Please refer to Note 6. (26) for further details on employees' compensation and remuneration to directors.

D. Non-controlling interests

	For the years ended December 31,	
	2018	2017
Beginning balance	$3,574,702	$3,160,661
Net gains (losses) attributable to non-controlling interests	(34,306)	51,972
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of foreign operations	(54,734)	(43,781)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(18,552)	15,727
Actuarial (losses) gains on defined benefit	(502)	(587)
Acquisition of new shares in a subsidiary not in proportionate to ownership interest	(221)	2,295
Changes in associates accounted for using equity method	(11,576)	-
Capital increased by cash	58,332	395,304
Cash dividends from a subsidiary	(8,000)	(4,000)
Other	(18,258)	(2,889)
Ending balance	$3,486,885	$3,574,702

(22) Operating revenues

	For the years ended December 31,	
	2018	2017
Sale of goods	$46,091,494	$44,943,595
Less: Sales returns, discounts and allowances	-	(74,014)
Total	$46,091,494	$44,869,581

Note: The Group has adopted IFRS 15 from January 1, 2018 for processing revenue from contracts with customers. The Group elected to apply the standard retrospectively by recognizing the cumulative effect of initially applying the standard at the date of initial application (January 1, 2018).

The Group has adopted IFRS 15 from January 1, 2018 for processing revenue from contracts with customers. Analysis of revenue from contracts with customers during the year is as follows:

A. Disaggregation of revenue:

The timing of revenue recognition was at a point in time. Please refer to Note 14 Segment Information for more details.

B. Contract balances

Contract assets - current

	Beginning balance	Ending balance	Difference
Sales of goods	$661,467	$410,376	$251,091
Less: loss allowance	-	(14,622)	14,622
Net	$661,467	$395,754	$265,713

Please refer to Note 6. (23) for more details on the impairment impact

Contract liabilities - current

	Beginning balance	Ending balance	Difference
Sales of goods	$1,199,590	$960,526	$(239,064)

During the period, NT$1,199,590 thousand included in the contract liability balance at the beginning of the period was recognized as revenue as performance obligations were satisfied. In addition, contract liabilities increased as part of the consideration was received from customers upon signing the contracts and performance obligations were not satisfied.

C. Assets recognized from costs to obtain or fulfil a contract: None.

(23) Expected credit losses/ (gains)

	For the years ended December 31,	
	2018	2017(Note)
Operating expenses – Expected credit losses/(gains)		
Contract assets	$(14,898)	
Accounts receivables	56,011	
Total	$41,113	

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its contract assets and accounts receivables (including note receivables, accounts receivables and other receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as of December 31, 2018 is as follows:

A. The gross carrying amount of contract asset is NT$410,376, its loss allowance amounting to NT$14,622 which is measured at expected credit loss ratio of 0% ~ 10%.
B. The Group considered the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

Group 1		Overdue			
	Not yet due	31-90 days	91-360 days	>=361 days	Total
Gross carrying amount	$-	$-	$-	$1,034,788	$1,034,788
Loss ratio				96.30%	
Lifetime expected credit losses	-	-	-	(996,456)	(996,456)
Subtotal	-	-	-	38,332	38,332

Group 2		Overdue			
	Not yet due	31-90 days	91-360 days	>=361 days	Total
Gross carrying amount	$3,832,515	$555,482	$84,471	$-	$4,472,468
Loss ratio	0.27%	0.95%	4.87%	0%	
Lifetime expected credit losses	(10,376)	(5,263)	(4,111)	-	(19,750)
Subtotal	3,822,139	(550,219)	80,360	-	4,452,718

Group 3		Overdue			
	Not yet due	31-90 days	91-360 days	>=361 days	Total
Gross carrying amount	$5,200,229	$-	$-	$-	$5,200,229
Loss ratio	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-
Subtotal	5,200,229	-	-	-	5,200,229
Carrying amount					$9,691,279

Group 1: The Group has exercised recourse or taken legal action against the individual assessment of accounts receivables, other receivables and overdue receivables.

Group 2: The Group's accounts receivables are overdue but not for more than one year.

Group 3: The Group's notes receivables, accounts receivables- related parties and other receivables are not yet due.

The movement in the provision for impairment of contract assets, note receivables, accounts receivables, other receivables and overdue receivables during 2018 was as follows:

	Contract assets	Accounts receivables	Other receivables	Overdue receivables
Beginning balance	$-	$280,928	$32,132	$793,103
Reversal for the current period	14,898	(56,011)	-	-
Write off	-	(9,164)	-	(20,893)
Foreign exchange effects	(276)	(3,330)	(559)	-
Ending balance	$14,622	$212,423	$31,573	$772,210

(24) Net amount of other revenues and gains and expenses and losses

	For the years ended December 31,	
	2018	2017
Gains on disposal of property, plant, and equipment	$74	$1,007

(25) Operating leases

Operating lease commitments - Group as lessee

The Group has entered into commercial leases on certain offices and plants. These leases have an average life of three to five years with no renewal option included in the contracts. There are no restrictions placed upon the Group by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2018 and 2017 are as follows:

	As of December 31,	
	2018	2017
Not later than one year	$26,611	$37,874
Later than one year and not later than five years	74,286	-
Total	$100,897	$37,874

Operating lease expenses recognized are as follows:

	For the years ended December 31,	
	2018	2017
Minimum lease payments	$38,888	$39,311

(26) Summary statement of employee benefits, depreciation and amortization expenses by function:

	For the years ended December 31,					
	2018			2017		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$4,791,033	$1,174,444	$6,017,968	$4,497,827	$997,870	$5,538,477
Labor and health insurance	369,943	59,724	429,667	365,613	53,668	419,281
Pension	257,905	107,670	365,575	246,587	95,076	341,663
Other employee benefits expense	138,331	37,453	175,784	139,429	36,008	175,437
Depreciation(Note)	4,854,851	258,981	5,113,832	4,894,986	350,649	5,245,635
Amortization	16,852	10,455	27,307	675	29,916	30,591

Note: The differences between the amount stated above and the depreciation stated in the Consolidated Statements of Cash Flows was recognized in other gains and losses.

According to the Company's Articles of Incorporation, when there is profit of the current year, the Company shall distribute 1.5% of profit of the current year as employees' compensation and no higher than 1.5% of profit of the current year as remuneration to directors. However, the Company's accumulated losses shall have been covered. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit for the current year, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2018 both at 1.5% of profit of the current year, recognized as salaries expense. As such, employees' compensation and remuneration to directors for the year ended December 31, 2018 amounted to NT$17,170 thousand, respectively. Employees' compensation and remuneration to directors for the year ended December 31, 2017 amounted to both NT$33,605 thousand, recognized as salaries expense.

A resolution was approved at the board meeting held on March 26, 2018 to distribute NT$33,605 thousand in cash as employees' compensation and remuneration to directors of 2017. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2017.

(27) Non-operating income and expenses

A. Other income

	For the years ended December 31,	
	2018	2017
Interest income	(Note)	$27,660
Financial assets measured at amortized cost	$50,625	-
Rental income	10,570	7,905
Dividend income	13,998	11,829
Others	598,470	314,156
Total	$673,663	$361,550

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

B. Other gains and losses

	For the years ended December 31,	
	2018	2017
Foreign exchange (losses) gains, net	$(336,786)	$357,396
Impairment losses (Note)	(376,672)	-
Gains on financial liabilities at fair value through profit or loss	-	4,247
Impairment losses of financial assets	-	(8,250)
Loss on disposal of investment	(86)	-
Others	(207,779)	(187,458)
Total	$(921,323)	$165,935

Note: The Group wrote off part of machinery equipment to recoverable amount in 2018. Please refer to Note 6. (12).

C. Finance costs

	For the years ended December 31,	
	2018	2017
Interest on borrowings from bank	$664,981	$676,669
Interest on borrowings from intercompany	46,406	51,214
Interest for finance lease	41	2,754
Interest on factoring of accounts receivable	4,902	25,867
Total	$716,330	$756,504

(28) Components of other comprehensive income

Year ended December 31, 2018

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(395,128)	$-	$(395,128)	$102,614	$(292,514)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(900)	-	(900)	-	(900)
Unrealized gains from available-for-sale financial assets	(688,092)	-	(688,092)	-	(688,092)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(317,817)	-	(317,817)	-	(317,817)
Total	$(1,401,937)	$-	$(1,401,937)	$102,614	$(1,299,323)

Year ended December 31, 2017

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$214,802	$-	$214,802	$(36,516)	$178,286
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of foreign operations	(619,486)	-	(619,486)	-	(619,486)
Unrealized (losses) gains from available-for-sale financial assets	46,605	8,250	54,855	-	54,855
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	222,371	-	222,371	-	222,371
Total	$(135,708)	$8,250	$(127,458)	$(36,516)	$(163,974)

(29) Income tax

Based on the amendments to the Income Tax Act announced on February 7, 2018, the Company’s applicable corporate income tax rate for the year ended December 31, 2018 has changed from 17% to 20%. The corporate income surtax on undistributed retained earnings has changed from 10% to 5%.

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

Income tax expense recognized in profit or loss

	For the years ended December 31,	
	2018	2017
Current income tax expense:		
Current income tax charge	$466,519	$253,254
Adjustments in respect of current income tax of prior periods	42,153	(62,598)
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	13,067	24,394
Deferred tax benefit relating to origination and reversal of tax loss and tax credit	-	-
Deferred tax expense arising from write-down	-	-
Deferred income tax related to changes in tax rates	946	-
Total income tax expense	$522,685	$215,050

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2018	2017
Deferred tax income:		
Deferred income tax related to changes in tax rates	$23,589	$-
Remeasurement of defined benefit plans	79,025	36,516
Total	$102,614	$36,516

Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31,	
	2018	2017
Accounting profit before tax from continuing operations	$1,554,665	$2,390,795
Tax at the domestic rates applicable to profits in the country concerned	373,028	779,434
Net investment income accounted for using the equity method	(274,793)	(331,527)
Tax effect of revenues exempt from taxation	(2,727)	(2,423)
Tax effect of expenses not deductible for tax purposes	2,770	4,961
Tax effect of income tax deduction	(16,460)	-
Non-deductible offshore tax	5,243	8,214
Corporate income surtax on undistributed retained earnings	63,624	-
Tax effect of other deferred tax assets/liabilities	325,759	(181,011)
Adjustments in respect of current income tax of prior periods	39,750	(62,598)
Deferred income tax related to changes in tax rates	937	-
Others	5,554	-
Total income tax expense recognized in profit or loss	$522,685	$215,050

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2018

	Beginning balance as of January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as of December 31, 2018
Temporary differences					
Depreciation difference	$(60,627)	$(7,133)	$-	$-	$(67,760)
Allowance for bad debt	929	(617)	-	-	312
Unrealized allowance for bad debt	20,664	(11,074)	-	(154)	9,436
Prepaid pension cost difference	16,467	(27,161)	102,614	-	91,920
Employee benefits	5,381	(1,170)	-	-	4,211
Unrealized loss due to market price decline of inventories	227,970	20,052	-	(235)	247,787
Unrealized intragroup profits and losses	17,525	(12,285)	-	-	5,240
Capitalization of interest	4,691	(373)	-	-	4,318
Provisions of employee benefit obligations	17,736	5,330	-	-	23,066
Unrealized loss on foreign exchange	39	(39)	-	-	-
Unrealized gain on foreign exchange	(15,965)	(6,326)	-	-	(22,291)
Government grants	(373,768)	30,050	-	5,941	(337,777)
Amortization of government grants	27,797	(3,092)	-	(426)	24,279
Others	1,830	(175)	-	-	1,655
Land value increment tax	(204,145)	-	-	-	(204,145)
Deferred tax income/ (expense)		$(14,013)	$102,614	$5,126	
Net deferred tax assets/(liabilities)	$(313,476)				$(219,749)
Reflected in balance sheet as follows:					
Deferred tax assets	$341,029				$412,224
Deferred tax liabilities	$(654,505)				$(631,973)

For the year ended December 31, 2017

	Beginning balance as of January 1, 2017	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as of December 31, 2017
Temporary differences					
Depreciation difference	$(61,975)	$1,348	$-	$-	$(60,627)
Revaluations of available-for-sale financial assets to fair value	2,561	(2,561)	-	-	-
Reserve for furnace cold repair	829	(829)	-	-	-
Allowance for bad debt	1,379	(450)	-	-	929
Unrealized allowance for bad debt	1,792	18,673	-	199	20,664
Prepaid pension cost difference	59,026	(6,043)	(36,516)	-	16,467
Employee benefits	7,502	(2,121)	-	-	5,381
Unrealized loss due to market price decline of inventories	260,899	(31,387)	-	(1,542)	227,970
Unrealized intragroup profits and losses	24,973	(7,448)	-	-	17,525
Capitalization of interest	5,712	(1,021)	-	-	4,691
Provisions of employee benefit obligations	15,169	2,567	-	-	17,736
Unrealized loss on foreign exchange	57	(18)	-	-	39
Unrealized gain on foreign exchange	(13,250)	(2,715)	-	-	(15,965)
Government grants	(411,522)	29,646	-	8,108	(373,768)
Amortization of government grants	31,477	(3,050)	-	(630)	27,797
Unrealized loss on foreign sales	16,409	(16,409)	-	-	-
Others	4,516	(2,576)	-	(110)	1,830
Land value increment tax	(204,145)	-	-	-	(204,145)
Deferred tax income/ (expense)		$(24,394)	$(36,516)	$6,025	
Net deferred tax assets/(liabilities)	$(258,591)				$(313,476)
Reflected in balance sheet as follows:					
Deferred tax assets	$432,301				$341,029
Deferred tax liabilities	$(690,892)				$(654,505)

The following table contains information of the unused tax losses of the Group:

Year	Tax losses for the period	Unused tax losses as of December 31, 2018	2017	Expiration year
2012	$38,793	$8,881	$8,881	2022
2013	337,600	47,427	47,427	2023
2014	2,582,174	1,702,939	1,862,274	2019
2014	236,539	76,462	76,462	2024
2015	4,155,645	2,584,028	3,049,359	2020
2015	97,612	97,612	97,612	2025
2016	2,202,249	1,593,611	1,989,531	2021
2016	53,200	53,200	53,200	2026
2017	173,796	173,796	85,621	2027
2018	216,746	216,746	-	2028
Total		$6,554,702	$7,270,367	

Unrecognized deferred tax assets

As of December 31, 2018 and 2017, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amounted to NT$2,157,421 thousand and NT$2,496,123 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2018 and 2017, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregated to NT$2,341,393 thousand and NT$1,056,866 thousand, respectively.

The assessment of income tax returns

As of December 31, 2018, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2016
TAG	Assessed and approved up to 2016
TVIG	Assessed and approved up to 2016
TGCH	Not required
TAGH	Not required
Subsidiaries in Mainland China	Assessed and approved up to 2016

(30) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2018	2017
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$1,066,286	$2,123,773
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	2,908,061	2,908,061
Basic earnings per share (NT$)	$0.37	$0.73

	For the years ended December 31,	
	2018	2017
Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$1,066,286	$2,123,773
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	2,908,061	2,908,061
Effect of dilution:		
Employees’ compensation	1,333	1,504
Weighted average number of ordinary shares outstanding after dilution (in thousands)	$2,909,394	$2,909,565
Diluted earnings per share (NT$)	$0.37	$0.73

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

(31) Changes in parent's interest in subsidiaries

Loss control on a subsidiary

The Company disposed 50% ownership of HTG at May 31, 2018 and lost its control. The price was NT$18,258 thousand.

As of May 31, the book value of HTG's assets and liabilities is as follows:

	Book value
Cash and cash equivalents	$33,598
Receivables	3,669
Prepayments	22
Refundable deposits	9
Payables	(135)
Current income tax liabilities	(628)
Other current liabilities	(19)
Identifiable net assets	$36,516

Proceeds of disposal (under other receivable)	$18,258
Add: non-Controlling interest (50% of identifiable net assets)	18,258
Less: identifiable net assets	(36,516)
Net	$-

Acquisition of new shares in a subsidiary not in proportion to ownership interest

For the year ended December 31, 2018, and 2017 the Company paid additional cash to acquire TGCH's new shares issued in the amount of US$46,782 thousand (NT$1,434,797 thousand) and US$78,278 thousand (NT$2,372,323 thousand), and consequently its ownership interest in TGCH was increased to 93.98% and 93.78%. Following is a schedule of interests owned in TGCH, TAG, TYAU, TYSM and TYPQ including changes in non-controlling interests and adjustments to accumulated other comprehensive income:

	For the years ended December 31,	
	2018	2017
Cash consideration receive	$-	$395,304
Adjustment to non-controlling interests	221	(397,599)
Recognized in the capital reserve attributable to parent company	$221	$(2,295)

(32) Subsidiaries that have material non-controlling interests

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of Incorporation and operation	As of December 31, 2018	As of December 31, 2017
TGCH and subsidiaries	Bermuda	6.02%	6.22%

	As of December 31, 2018	As of December 31, 2017
Accumulated balances of material non-controlling interest:		
TGCH and subsidiaries	$3,344,154	$3,384,111

	For the years ended December 31, 2018	For the years ended December 31, 2017
Profit (losses) allocated to material non-controlling interest:		
TGCH and subsidiaries	$(13,415)	$65,387

The summarized financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarized information of profit or loss of TGCH and subsidiaries for the years ended December 31, 2018 and 2017:

	For the years ended December 31, 2018	For the years ended December 31, 2017
Operating revenue	$33,304,357	$31,206,666
Profit or loss for the period from continuing operations	1,398,229	2,081,797
Total comprehensive income for the period	382,245	1,704,924

Summarized information of financial position of TGCH and subsidiaries of December 31, 2018 and 2017:

	As of December 31, 2018	As of December 31, 2017
Current assets	$20,267,755	$18,994,868
Non-current assets	42,752,634	42,839,974
Current liabilities	10,932,179	15,183,742
Non-current liabilities	7,088,487	3,334,452

Summarized cash flow information of TGCH and subsidiaries for the years ended December 31, 2018 and 2017:

	For the years ended December 31,	
	2018	2017
Operating activities	$3,904,730	$3,706,497
Investing activities	(4,949,784)	(2,133,649)
Financing activities	1,018,422	(1,439,628)
Net increase in cash and cash equivalents	108,218	289,909

7. Related party transactions

The significant transactions for 2018 and 2017 are summarized below:

Name and Relationship of Related Parties

Name of related parties	Relationship with the Company
Shihlien Chemical Industrial (Jiangsu) Co., Ltd. (SCJ)	Associates
Taibo Anhui Energy Co., Ltd.	〃
Tai Fong Investment Co., Ltd.	Other related parties
Ho Ho Investment Co., Ltd.	〃
Tai Cheng Investment Co., Ltd.	〃
Tai Yu Investment Co., Ltd.	〃
Tai Chia Investment Co., Ltd.	〃
Lim Ken Seng Kah Kai Co., Ltd.	〃
Tai Fong Golf Club	〃
Shihlien Apex Huaian Technology Co., Ltd.	〃
Shihlien Apex Yancheng Technology Co., Ltd.	〃
Shihlien Apex EV Leasing Jiangsu	〃
Shihlien Apex EV Leasing Huaian	〃
Shihlien International Investment Co., Ltd.	〃
Shihlien Fine Chemical Co., Ltd.	〃
Power Source New Energy Jian	〃
Shenzhen Taizhi Photoelectric Materials Technology Co., Ltd. (TPMT)	〃
Xue Xue Institute	〃
Xue Xue Foundation	〃
Dongfeng Yueda Kia Motors Co., Ltd. (DYK)	〃
Jiangsu Yueda Mobis Trade Co., Ltd.	〃
Jiangsu Yueda Group Co., Ltd.	〃
Jiangsu Yueda Group Finance Co., Ltd.	〃

Name of related parties	Relationship with the Company
Yueda Automobile Development Co., Ltd.	〃
Jiangsu Yueda Xingye Auto Parts Co., Ltd.	〃
Jiangsu Yueda Printing Co., Ltd.	〃
Jiangsu Yueda Auto Parts Logistics Co., Ltd.	〃
Jiangsu Yueda Advertising Media Co., Ltd.	〃
Jiangsu Yueda Package & Transportation Co., Ltd.	〃
Yancheng Yueda Can Green Photovoltaic Power Co., Ltd.	〃
Jiangsu Yueda Health Management Service Co., Ltd.	〃
Global Car Sharing & Rental Yueda Yancheng Co., Ltd.	〃
Jiangsu Yueda Glovis Logistic Co., Ltd.	〃
TECO Nanotech Co., Ltd.	〃
TECO Electric & Machinery Co., Ltd.	〃
Tong-An Investment Co., Ltd.	〃
Information Technology Total Services Corp.	〃
Nippon Parts Co., Ltd.	〃
Pilkington Automotive Belgium NV.	〃
Pilkington Automotive Finland OY	〃
Nippon Sheet Glass Co., Ltd.	〃
NSG Purchase&Supply Co., Ltd.	〃
Pilkington North America Inc.	〃
Pilkington Technology Management Limited	〃
HARIO Co., Ltd. (Note)	〃

Note: Since May 31, 2018, it was not the Group's related party.

Significant transactions with related parties

(1) Sales

	For the years ended December 31,	
	2018	2017
Associates	$19,469	$18,497
Other related parties	504,554	318,565
Total	$524,023	$337,062

The sales price to the above related parties was determined through mutual agreement based on the market rates. The collection period for related parties was month-end 90 days. The outstanding balance at December 31, 2018 and 2017 was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(2) Purchases

	For the years ended December 31,	
	2018	2017
Associates		
SCJ	$2,273,841	$2,413,729
Other	246,244	96,340
Subtotal	2,520,085	2,510,069
Other related parties	44,736	90,583
Total	$2,564,821	$2,600,652

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are paid on delivery.

(3) Other income - rental income

	For the years ended December 31,	
	2018	2017
Other related parties	$2,789	$1,061

(4) Rental expense

	For the years ended December 31,	
	2018	2017
Other related parties	$26,422	$26,876

The Group has leased plant offices, warehouse and land. The rents were based on local market price and prepaid for 1 year.

(5) Notes receivable

	As of December 31,	
	2018	2017
Associates	$56,389	$-
Other related parties	45,201	32,975
Total	$101,590	$32,975

(6) Accounts receivable

	As of December 31,	
	2018	2017
Associates	$122	$141
Other related parties	68,307	51,282
Total	68,429	51,423
Less: loss allowance	-	-
Net	$68,429	$51,423

(7) Notes payable

	As of December 31,	
	2018	2017
Associate		
SCJ	$-	$33,132

(8) Accounts payable

	As of December 31,	
	2018	2017
Associates	$297,211	$284,632
Other related parties	2,465	20,683
Total	$299,676	$305,315

(9) Short-term loans

	For the year ended December 31, 2018				
	Maximum balance	Ending balance	rate	Interest expense	Interest payables
Other related parties	$133,915	$-	6%	$2,803	$-
	(RMB28,681 thousand)				

	For the year ended December 31, 2017				
	Maximum balance	Ending balance	rate	Interest expense	Interest payables
Other related parties	$240,730	$68,317	6%	$2,388	$125
	(RMB55,000 thousand)				

(10) Other payables

A. Rental payable, technical service fee and others

	As of December 31,	
	2018	2017
Associates	$-	$10,340
Other related parties	15,124	31,904
Total	$15,124	$42,244

B. Financing

	For the year ended December 31, 2018				
	Maximum balance	Ending balance	rate	Interest expense	Interest payables
Other related parties	$1,570,691	$14,321	3%~6%	$43,603	$36,881
	(USD53,800仟元)				

	For the year ended December 31, 2017				
	Maximum balance	Ending balance	rate	Interest expense	Interest payables
Other related parties	$1,683,671	$1,601,088	3%	$48,826	$8,027
	(US$ 53,800 thousand)				

(11) Others

The Group's other transactions with associates and other related parties are as follows:

	As of December 31,	
Other current assets	2018	2017
Associates	$22,433	$3,181
Other related parties	10,787	24,943
Total	$33,220	$28,124

	As of December 31,	
	2018	2017
Other non-current assets		
Other related parties	$119	$193

	As of December 31,	
	2018	2017
Other current liabilities		
Other related parties	$-	$40

	As of December 31,	
	2018	2017
Other non-current liabilities		
Other related parties	$2,685	$2,824

	For the years ended December 31,	
	2018	2017
Operating expense		
Associates	$-	$20
Other related parties	16,885	25,908
Total	$16,885	$25,928

	For the years ended December 31,	
	2018	2017
Other income		
Associates	$2,095	$3,233
Other related parties	5,968	5,902
Total	$8,063	$9,135

(12) The payment term to related parties has no significant difference to other third parties. The outstanding balance at December 31, 2018 and 2017 was unsecured, non-interest bearing and must be settled in cash. The receivables from and the payables to the related parties were not guaranteed.

(13) The Group purchased intangible assets and property, plant and equipment from other related parties in amount of NT$113,515 thousand and NT$3,282 thousand for the year ended December 31, 2018 and 2017, respectively.

(14) As of December 31, 2018 and 2017, other related parties guaranteed for the Company’s subsidiaries’ bank loans. The balances as of December 31, 2018 and 2017 were RMB127,000 thousand and RMB106,000 thousand, respectively. Thus, the subsidiaries were entitled to a guaranteed fee of NT$1,914 thousand and NT$1,707 thousand for the years ended December 31, 2018 and 2017, respectively, recorded as non-operating expense.

(15) Key management personnel compensation

	For the years ended December 31,	
	2018	2017
Short-term employee benefits	$55,455	$70,870
Shave-based payment	1,952	1,998
Total	$57,407	$72,868

8. Assets pledged as security

The following table lists assets of the Group pledged as security:

As of December 31, 2018:

Assets pledged for security	Carrying amount	Obligee	Secured liabilities
Bank savings (other financial assets - current)	$23,495	Rural Commercial Bank	Performance bond
〃	54,364	Industrial and Commercial Bank of China	〃
〃	33,626	Bank of China	〃
〃	8,712	Bank of Communications	〃
〃	6,574	Bank of Nanjing	〃
〃	9,363	First Bank	〃
〃	456	China Merchant Bank	〃
〃	11,193	Bank of China	Marginal deposit
〃	17,983	First Bank	〃
Machinery equipment	79,660	Chailease International Finance Corporation	Long-term loans
Total	$245,426		

As of December 31, 2017:

Assets pledged for security	Carrying amount	Obligee	Secured liabilities
Debt instrument investment for which no active market exists	$13,663	First Bank	Short-term loans
Bank savings (other financial assets - current)	37,023	Bank of Communications	Performance bond
〃	7,425	Bank of China	〃
〃	13,524	Agricultural Bank of China	〃
〃	6,832	Industrial and Commercial Bank of China	〃
〃	53,803	Rural Commercial Bank	〃
〃	48,582	Bank of China	〃
〃	7,288	Bank of Nanjing	Marginal deposit
〃	45,807	First Bank	〃
Total	$233,947		

9. Commitments and contingencies

As of December 31, 2018, the contingency and off balance sheet commitments are as follows:

(1) As of December 31, 2018, the outstanding promissory notes signed for business needs, including importing equipment, purchase of equipment, performance bond, and loan guarantee, totaled NT$17,160,470 thousand.

(2) Commodity tax and export tariff were NT$19,581 thousand.

(3) Discounted notes receivable was RMB126,934 thousand.

(4) Unsecured balance of letters of credit is as follows:

Currency	Unused Balance (in thousands)
JPY	417,657
USD	11,525
EUR	1,884
SEK	1,068
GBP	20
RMB	3,681

(5) Significant contracts of construction in progress and equipment are as follows:

Items	Contract amount	Amount paid	Amount unpaid
Project of Taoyuan Plant	$194,459	$71,200	$123,259
Project of Lukang Plant	219,838	114,916	104,922
Project of TBF	2,504,138	1,990,756	513,382
Others	908,369	729,873	178,497
Total	$3,826,804	$2,906,745	$920,059

The above amount paid was recognized as construction in progress under property, plant and equipment and prepayment for equipment under noncurrent assets.

(6) The Company signed the promissory notes in amount of NT$750,000 thousand, US$389,000 thousand and RMB486,000 thousand for its subsidiaries’ secured loans.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

Financial Instruments

(1) Categories of financial instruments

Financial assets	As of December 31, 2018	As of December 31, 2017
Financial assets at fair value through profit or loss:		
Designated at fair value through profit or loss at initial recognition	$478,859	$683,936
Financial assets at fair value through other comprehensive income	263,332	(Note)
Available-for-sale financial assets	(Note)	264,232
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	4,705,088	(Note)
Financial assets measured at amortized cost	30,714	(Note)
Receivables	9,691,279	(Note)
Other financial assets	165,766	(Note)
Refundable deposits	197,392	(Note)
Loans and receivables:		
Cash and cash equivalents (excluding cash on hand)	(Note)	5,111,929
Debt instrument investment for which no active market exists	(Note)	59,208
Receivables	(Note)	9,868,080
Other financial assets	(Note)	220,284
Refundable deposit	(Note)	231,158
Subtotal	14,790,239	15,431,451
Total	$15,532,430	$16,438,827

Financial liabilities	As of December 31, 2018	As of December 31, 2017
Financial liabilities at amortized cost:		
Short-term loans	$7,040,660	$6,373,954
Short-term bills payable	3,295,570	2,196,039
Payables	6,164,947	7,890,821
Long-term loans (including current portion)	17,141,681	14,319,892
Lease obligations payable (including current portion)	-	9,357
Deposits-in	187,999	198,634
Total	$33,830,857	$30,988,697

Note: The Group adopted IFRS 9 since January 1, 2018. The Group elected not to restate prior periods in accordance with the transition provision in IFRS 9.

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies, measures and manages the aforementioned risks based on the Group's policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and equity risk.

In practice, it is rarely the case that a single risk variable changes independently from other risk variables, there are usually interdependencies between risk variables. The sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense are denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for US dollars and RMB. The information of the sensitivity analysis is as follows:

A. When NTD weakens/strengthens against US dollars by 1%, the profit for the years ended December 31, 2018 and 2017 is decreased/increased by NT$24,757 thousand and NT$39,794 thousand, respectively.

B. When CNY strengthens/weakens against US dollars by 1%, the profit for the years ended December 31, 2018 and 2017 is decreased/increased by NT$55,531 thousand and NT$3,046 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2018 and 2017 to increase/decrease by NT$13,727 thousand and NT$13,832 thousand, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under available-for-sale financial assets. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

The amount of the investment in the unlisted equity securities is not significant. Therefore, a change in the overall earnings stream of the valuations performed on the invested company would not have a significant impact on the income nor equity attributable to the Group for the years ended December 31, 2018 and 2017.

As of December 31, 2018, a change of 10% in the price of the listed companies' stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$21,075 on the equity attributable to the Group.

As of December 31, 2017, a decrease of 10% in the price of the listed equity securities classified as available-for-sale could have an impact of NT$22,007 thousand on the income or equity attributable to the Group. An increase of 10% in the value of the listed securities would only result in an impact of NT$22,007 thousand on equity but would not have an effect on profit.

(4) Credit risk management

Credit risk is the risk that a counter party will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2018 and 2017, accounts receivables from top ten customers represented amounts less than 10% of the total accounts receivables of the Group. The credit concentration risk of accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit ratings and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses since January 1, 2018. The loss allowance of accounts receivables is measured at lifetime expected credit losses. In addition, financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When assessing the expected credit losses in accordance with IFRS 9, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank borrowings. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2018					
Short-term loans	$7,169,821	$-	$-	$-	$7,169,821
Short-term bills payable	3,300,000	-	-	-	3,300,000
Payables	6,164,947	-	-	-	6,164,947
Long-term loans	6,023,934	9,078,803	2,661,886	370,115	18,134,738
As of December 31, 2017					
Short-term loans	$6,512,290	$-	$-	$-	$6,512,290
Short-term bills payable	2,200,000	-	-	-	2,200,000
Payables	7,890,821	-	-	-	7,890,821
Corporate bonds payable	4,053,975	9,006,479	1,640,855	100,522	14,801,831
Long-term loans	9,610	-	-	-	9,610

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities during 2018:

	Short-term loans	Short-term bills payable	Long-term loans	Other payable	Lease payable	Total liabilities from financing activities
As January 1, 2018	$6,373,954	$2,200,000	$14,319,892	$1,601,088	$9,357	$24,504,291
Cash flows	599,904	1,100,000	2,677,143	(1,607,425)	(9,357)	2,760,265
Non-cash changes:						
Foreign exchange movement	66,802	-	144,646	20,658	-	232,106
As of December 31, 2018	$7,340,660	$3,300,000	$17,141,681	$14,321	$-	$27,496,662

Reconciliation of liabilities during 2017: Not applicable.

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

a. The carrying amount of cash and cash equivalents, receivables, payables, refundable deposits and deposits-in approximate their fair value.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities and bonds) at the reporting date.

c. Fair value of equity instruments without market quotations (including unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as recent fund raising activities, valuation of similar companies, individual company's development, market conditions and other economic indicators.

d. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (8) for fair value measurement hierarchy for financial instruments of the Group.

(8) Assets measured at fair value

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

The following table contains the fair value of financial instruments after initial recognition and the details of the three levels of fair value hierarchy:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Guaranteed financial products	$-	$-	$478,859	$478,859
Financial assets at fair value through other comprehensive income				
Equity securities	210,750	-	52,582	263,332

As of December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Guaranteed financial products	$-	$-	$683,936	$683,936
Available-for-sale financial assets				
Equity securities	220,073	-	44,159	264,232

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1 and Level 2 fair value measurements.

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy is as follows:

	Assets		
	At fair value through profit or loss	Available-for-sale	
	Guaranteed financial product	Stocks	Total
Beginning balances as of January 1, 2017	$244,157	$44,250	$288,407
Total gains and losses recognized for the year ended December 31, 2017:			
Amount recognized in profit or loss	-	(8,250)	(8,250)
Amount recognized in OCI	-	8,159	8,159
Acquisition for the year ended December 31, 2017	1,030,652	-	1,030,652
Disposals	(591,746)	-	(591,746)
Exchange effect	873	-	873
Ending balances as of December 31, 2017	683,936	44,159	728,095
Total gains and losses recognized for the year ended December 31, 2018:			
Amount recognized in profit or loss	-	-	-
Amount recognized in OCI	-	8,423	8,423
Acquisition for the year ended December 31, 2018	1,469,648	-	1,469,648
Disposals	(1,666,485)	-	(1,666,485)
Exchange effect	(8,240)	-	(8,240)
Ending balances as of December 31, 2018	$478,859	$52,582	$531,441

Total gains and losses recognized for the years ended December 31, 2018 and 2017 contained gains and losses related to securities and derivatives on hand as of December 31, 2018 and 2017 in the amount of NT$8,423 thousand and NT$(91) thousand, respectively.

C. Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

As of December 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (please refer to Note 6. (15))	$-	$-	$172,543	$172,543

As of December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment property (please refer to Note 6. (15))	$-	$-	$170,914	$170,914

(9) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

(in thousands)

	As of					
	December 31, 2018			December 31, 2017		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	72,523	30.715	2,227,545	98,734	29.76	2,938,334
RMB	2,641,755	4.4753	11,822,692	2,442,022	4.5545	11,122,184
Non-Monetary items:						
USD	134,233	30.715	4,122,959	100,868	29.76	3,001,820
RMB	2,984	4.4753	13,353	6,481	4.5545	29,518
Financial liabilities						
Monetary items:						
USD	288,071	30.715	8,848,100	204,262	29.76	6,078,828
RMB	1,527,371	4.4753	6,835,468	1,746,184	4.5545	7,952,992

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

Since there were various functional currencies used within the subsidiaries of the Group, the Group was unable to disclose foreign exchange gains (losses) towards each foreign currency with significant impact. The realized and unrealized foreign exchange gains (losses) was NT$(336,786) thousand and NT$357,396 thousand for the years ended December 31, 2018 and 2017, respectively.

(10) Capital management

The primary objective of the Group’s capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize stockholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to stockholders, return capital to stockholders or issue new shares.

(11) Information of financial asset transferred

A. Transferred financial assets that are partially-derecognized in their entirety

The Group entered into a factoring agreement with a financial institution, which is partly with recourse and partly non-recourse. The Group has transferred the right on those non-recourse factoring, and in accordance with the contract, the Group shall not be liable for the credit risks associated with uncollectable receivables (except for commercial disputes), which met the requirements for derecognizing financial assets. The related information is as follows:

As of December 31, 2018

Transferee	Amount transferred	Amount	Advanced amount	Interest rate range	Credit
O-Bank	$438,775	$394,898	$397,010	1.07%~1.08%	$800,000

As of December 31, 2017

Transferee	Amount transferred	Amount	Advanced amount	Interest rate range	Credit
O-Bank	$468,512	$421,660	$422,877	0.99%~1.08%	$800,000

B. Transferred financial assets that are derecognized in their entirety

The Group entered into a factoring agreement with a financial institution, which is non-recourse. The Group has transferred the right on those non-recourse factoring, and in accordance with the contract, the Group shall not be liable for the credit risks associated with uncollectable receivables, which met the requirements for derecognizing financial assets. The related information is as follows:

As of December 31, 2018: None.

As of December 31, 2017

Transferee	Amount transferred	Amount	Advanced amount	Interest rate range	Credit
Guoxin Institute (Internet Financial Platform)	$73,569	$71,084	$71,084	9.50%	$73,569
Jiangxi Jinyuan Financial Leasing Co., Ltd.	44,985	42,908	42,908	9.50%	44,985
Total	$118,554	$113,992	$113,992		$118,554

13. Other disclosure

(1) Information at significant transactions

A. Lending fund to others: Please refer to Attachment 1.
B. Endorsement/guarantee provided to others: Please refer to Attachment 2.
C. Securities held at the end of the period: Please refer to Attachment 3.
D. Individual securities acquired or disposed of with accumulated amount exceeding NT$300 million or 20 percent of the capital stock or more: Please refer to Attachment 4.
E. Acquisition of real estate with amount exceeding NT$300 million or 20 percent of the capital stock or more: None.
F. Disposal of real estate with amount exceeding NT$300 million or 20 percent of the capital stock or more: None.
G. Related party transactions for purchases and sales amounts exceeding NT$100 million or 20 percent of the capital stock or more: Please refer to Attachment 5.
H. Receivables from related parties with amounts exceeding NT$100 million or 20 percent of capital stock or more: Please refer to Attachment 6.
I. Financial instruments and derivative transactions: None.
J. Business relationship between the parent and the subsidiaries and between each subsidiary, and the circumstances and accounts of any significant transactions between them: Please refer to Attachment 7.

(2) Information on investees

Information of the investees in which the Company directly or indirectly has significant influence or control: Please refer to Attachment 8.

(3) Information on investments in Mainland China

A. Investee's name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, percentage of ownership, investment income or loss, carrying value of the investments, inward remittance of earnings and limits on investments in Mainland China: Please refer to Attachment 9.

B. Directly or indirectly significant transactions through other regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition are disclosed as follows:

a. Accumulated amount and percentage of purchase and related payables at the end of the period: None. *
b. Accumulated amount and percentage of sales and related receivables at the end of the period: None. *
c. Amount of property transaction and related gain or loss: None. *
d. Endorsement/guarantee provided to others at the end of the period: None. *
e. Financing provided to others at the end of the period: None. *
f. Other significant transactions, such as service provided or received: None. *

* The transactions have been eliminated in the consolidation financial statements.

14. Segment information

(1) General Information

For management purposes, the Group is organized into business units based on their products and services and has three reportable operating segments as follows:

A. Flat Glass Segment: Manufacturing and selling of flat glasses.
B. Glass Container Segment: Manufacturing and selling of glass containers.
C. Glass Fiber Segment: Manufacturing and selling of glass fibers.

No operating segments have been aggregated to form the above reportable operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(2) Reportable segment information

For the year ended December 31, 2018

	Flat Glass	Glass Container	Glass Fiber	Subtotal	Other Operating Segments (Note 1)	Adjustment and Elimination	Consolidated
Revenue							
External customer	$31,640,421	$3,527,071	$10,871,007	$46,038,499	$52,995	$-	$46,091,494
Inter-segment (Note 2)	43,358	70	327	43,755	374,062	(417,817)	-
Total revenue	$31,683,779	$3,527,141	$10,871,334	$46,082,254	$427,057	$(417,817)	$46,091,494
Depreciation	$3,696,487	$363,973	$997,546	$5,058,006	$84,691	$-	$5,142,697
Segment profit	$887,502	$72,574	$1,366,612	$2,326,688	$(3,114)	$-	$2,323,574

For the year ended December 31, 2017

	Flat Glass	Glass Container	Glass Fiber	Subtotal	Other Operating Segments (Note 1)	Adjustment and Elimination	Consolidated
Revenue							
External customer	$29,650,666	$3,510,845	$11,616,201	$44,777,712	$91,869	$-	$44,869,581
Inter-segment (Note 2)	21,381	3	68	21,452	346,239	(367,691)	-
Total revenue	$29,672,047	$3,510,848	$11,616,269	$44,799,164	$438,108	$(367,691)	$44,869,581
Depreciation	$3,848,793	$349,415	$998,142	$5,196,350	$78,163	$-	$5,274,513
Segment profit	$739,464	$80,578	$1,809,217	$2,629,259	$11,276	$-	$2,640,535

[1] Revenue from other operating segments are operating segments that do not meet the quantitative thresholds for reportable segments.

[2] Inter-segment revenues are eliminated on consolidation and recorded under the "adjustment and elimination" column.

(3) Other reconciliations of reportable segments

	For the years ended December 31,	
	2018	2017
Segment profit	$2,326,688	$2,629,259
Profit (losses) from other operating segments	(3,114)	11,276
Non-operating income and expenses	(768,909)	(249,740)
Income before income tax from continuing operations	$1,554,665	$2,390,795

(4) Geographical information

Revenue from external customers

	For the years ended December 31,	
	2018	2017
Taiwan	$7,320,117	$7,749,914
China	31,853,437	30,031,051
Other countries (not account for 10%)	6,917,940	7,088,616
Total	$46,091,494	$44,869,581

The revenue information above is based on the location of the customer.

Noncurrent assets

	As of December 31,	
	2018	2017
Taiwan	$15,425,659	$15,580,162
China	35,484,368	36,450,635
Other countries (not account for 10%)	10,088	9,774
Total	$50,920,115	$52,040,571

(5) Information about major customers (account for over 10% operating revenue)

The revenue from single external customer accounts for over 10% net consolidated operating revenue: None.

Attachment 1

Financing provided to others for the year ended December 31, 2018 (Dollar amount expressed in thousands of NTD unless otherwise specified)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account(Note 2)	Related Party	Maximum Balance for the Period	Ending Balance (In Thousands) (Note 8)	Actual Amount provided	Interest Rate	Nature of Financing (Note 4)	Transaction Amounts (Note 5)	Reason for Financing (Note 6)	Allowance for Bad Debt	Collateral		Amount for Individual Counterparty (Note 7)	Financial Amount for Financing Company (Note 7)
													Item	Value		
1	TGCH	TXY	Other receivables	Yes	$185,730	$-	$-	-	2	$-	Need for operating	$-	-	$ -	44,199,411 × 40%= 17,679764(in thousand)	44,199,411 × 40%= 17,679,764(in thousand)
1	TGCH	HNG	〃	Yes	364,125	-	-	-	2	-	Need for operating	-	-	-	"	"
1	TGCH	TBF	〃	Yes	826,335	-	-	-	2	-	Need for operating	-	-	-	"	"
1	TGCH	CFG	〃	Yes	609,200	307,150	307,150	4.41%	2	-	Need for operating	-	-	-	"	"
1	TGCH	FPG	〃	Yes	1,057,784	545,989	545,989	4.00%~4.35%	2	-	Need for operating	-	-	-	"	"
1	TGCH	TJG	〃	Yes	1,840,419	1,182,433	1,121,003	4.00%~4.88%	2	-	Need for operating	-	-	-	"	"
1	TGCH	TAH	〃	Yes	2,907,475	1,842,900	1,228,600	4.45%~4.64%	2	-	Need for operating	-	-	-	"	"
1	TGCH	TCD	〃	Yes	4,212,450	1,996,475	1,382,175	4.29%~4.81%	2	-	Need for operating	-	-	-	"	"
2	CFG	TTAR	〃	Yes	280,204	-	-	-	2	-	Need for operating	-	-	-	1,905,569 × 40%= 762,228(in thousand)	1,905,569 × 60%= 1,143,341(in thousand)
2	CFG	TWAR	〃	Yes	23,420	23,318	23,318	-	2	-	Need for operating	-	-	-	"	"
3	CDG	TYAU	〃	Yes	214,782	-	-	-	2	-	Need for operating	-	-	-	7,421,535 × 40%= 2,968,614(in thousand)	7,421,535 × 60%= 4,452,921(in thousand)
3	CDG	CFG	〃	Yes	636,998	-	-	-	2	-	Need for operating	-	-	-	"	"
3	CDG	TYSM	〃	Yes	175,480	84,986	84,986	5.60%	2	-	Need for operating	-	-	-	"	"
3	CDG	HZSS	〃	Yes	148,041	145,086	145,086	0.35%	2	-	Need for operating	-	-	-	"	"
3	CDG	TTAR	〃	Yes	513,610	492,285	492,285	4.13%	2	-	Need for operating	-	-	-	"	"
3	CDG	TXY	〃	Yes	1,131,228	1,083,027	993,521	0.35%~4.42%	2	-	Need for operating	-		-	"	"
3	CDG	TWAR	〃	Yes	1,794,602	1,794,602	1,257,564	0.35%~4.13%	2	-	Need for operating	-		-	"	"
4	QFG	QRG	〃	Yes	311,158	179,013	148,497	-	2	-	Need for operating	-	-	-	1,533,708 × 40%= 613,483(in thousand)	1,533,708 × 60%= 920,225(in thousand)

Attachment 1

Financing provided to others for the year ended December 31, 2018(Continue)

(Dollar amount expressed in thousands of NTD unless otherwise specified)

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account(Note 2)	Related Party	Maximum Balance for the Period (Note 3)	Ending Balance (In Thousands) (Note 8)	Actual Amount provided	Interest Rate	Nature of Financing (Note 4)	Transaction Amounts (Note 5)	Reason for Financing (Note 6)	Allowance for Bad Debt	Collateral		Amount for Individual Counterparty (Note 7)	Financial Amount for Financing Company (Note 7)
													Item	Value		
5	HNG	ZZSS	Other receivables	Yes	$74,721	$49,672	42,840	-	2	-	Need for operating	-	-	-	3,337,770 × 40%= 1,335,108(in thousand)	3,337,770 × 60%= 2,002,662(in thousand)
6	TGF	TBF	〃	Yes	466,918	447,532	268,519	5.51%	2	-	Need for operating	-	-	-	6,456,718 × 40%= 2,582,687(in thousand)	6,456,718 × 60%= 3,874,031(in thousand)
6	TGF	TCD	〃	Yes	1,401,022	1,342,595	1,253,089	4.35%~5.51%	2	-	Need for operating	-	-	-	"	"
7	DHG	QFG	〃	Yes	106,670	53,704	50,079	4.00%	2	-	Need for operating	-	-	-	5,201,706 × 40%= 2,080,682(in thousand)	5,201,706 × 60%= 3,121,024(in thousand)
7	DHG	FPG	〃	Yes	1,746,608	1,673,769	1,673,769	4.00%	2	-	Need for operating	-	-	-	"	"
8	TAH	FYSS	〃	Yes	53,704	53,704	53,704	2.00%	2	-	Need for operating	-	-	-	1,976,227 × 40%= 790,491(in thousand)	1,976,227 × 60%= 1,185,736(in thousand)
9	HZSS	TXY	〃	Yes	25,066	25,066	25,066	-	2	-	Need for operating	-	-	-	165,811 × 40%= 66,324(in thousand)	165,811 × 60%= 99,487(in thousand)
10	TXY	TWAR	〃	Yes	7,081	7,081	7,081	-	2	-	Need for operating	-	-	-	2,546,635 × 40%= 1,018,654(in thousand)	2,546,635 × 60%= 1,527,981(in thousand)
Total							$11,104,321									

Note 1: The Company and its subsidiaries are coded as follows:

1. The Company is coded "0".
2. The subsidiaries are coded starting from "1" in numerical order.

Note 2: If the economic substance of transactions are financing to others, regardless of which component they recognized as in the financial statements, certain transactions are included herein.

Note 3: Maximum balance of the Company and its subsidiaries' financing to others for the year ended December 31, 2017

Note 4: Nature of financing is coded as follows:

1. The financing occurred due to business transactions
2. The financing occurred due to short-term financing

Note 5: Total amount of the financing is disclosed herein if the financing was related to business transactions. The amount shall mean the transaction amount between the lending entity and the borrower within the most recent year.

Note 6: The reasons and counterparties of the financing are addressed herein as the financing associated with short-term capital needs.

Note 7: The process of providing finance to others, the limits to individual counterparties and the total financing limit for the company should be noted, as well as the computations.

Note 8: If a listed company brings the financing proposal to the board of directors according to Paragraph 1, Article 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies,

the company still needs to disclose the resolution amount of the board in the balance to disclose the risk, even if the funds are not appropriated yet.

With the return of the funds afterward, the company should disclose the amount returned to reflect the adjusted risk.

If a listed company authorizes the chairman of the board of directors to appropriate or use certain limits of the funds several times in the period of a year according to Paragraph 2, Article 14 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Compani

the company still needs to disclose the amount approved by the board.

Note 9: All transactions listed above are eliminated in the consolidated financial statements.

Attachment 2

Endorsement/guarantee provided to others for the year ended December 31, 2018

(Dollar amount expressed in thousands of NTD unless otherwise specified)

No. (Note 1)	Endorser/ Guarantor	Receiving Party Company Name	 Relationship	Limits of Endorsement /Guarantee Amount for	Maximum Balance	Ending Balance (Note 5)	Actual Amount provided	Amount of Endorsement/	Percentage of Accumulated Endorsement/Guarantee to Net	Limit on the Endorsement/Guarantee Amount (Note 3)	Parent Company Endorsed or Guaranteed for	Subsidiaries Endorsed or Guaranteed for	Endorsement or Guarantee for
0	TGI	TGCH	2	$22,122,740	$9,190,575	$4,219,240	$4,219,240	$ -	10%	1. In accordance with the Article 4 of the Procedures for Endorsement and Guarantee, the Company may provide endorsement/guarantee to others but shall not exceed 120% of its net assets. For endorsement/guarantee to individual entity, the amount is limited to 50% of the Company's net assets. 2.Subsidiaries may provide endorsement/guarantee to others but shall not exceed 100% of their net assets. For endorsement/guarantee to individual entity, the amount is limited to 60% of the subsidiary's net assets. 3.TGI： 44,245,480*120%= 53,094,576(in thousand) 4.TGF： 6,456,718*100%= 6,456,718(in thousand) 5.CFG： 1,905,569 thousand*100%= 1,905,569(in thousand) 6.DHG： 5,201,706*100%= 5,201,706(in thousand) 7.TGCH： 44,199,411*100%= 44,199,411(in thousand) 8.TCD： 2,773,572*100%= 2,773,572(in thousand) 9.QFG： 1,533,708*100%= 1,533,708(in thousand)	Y		
0	TGI	CDG	2	〃	655,982	-	-	-	0%		Y		Y
0	TGI	TWAR	2	〃	754,130	-	-	-	0%		Y		Y
0	TGI	CFG	2	〃	97,680	89,550	-	-	0%		Y		Y
0	TGI	TYSM	2	〃	763,795	237,295	88,620	-	1%		Y		Y
0	TGI	QFG	2	〃	606,950	300,700	300,700	-	1%		Y		Y
0	TGI	TGF	2	〃	591,055	413,810	413,810	-	1%		Y		Y
0	TGI	HNG	2	〃	754,300	446,750	151,550	-	1%		Y		Y
0	TGI	TYAU	2	〃	753,036	501,493	501,493	-	1%		Y		Y
0	TGI	FPG	2	〃	847,136	613,627	-	-	1%		Y		Y
0	TGI	TJG	2	〃	907,175	754,550	605,875	-	2%		Y		Y
0	TGI	TCD	2	〃	853,922	853,922	853,922	-	2%		Y		Y
0	TGI	TXY	2	〃	2,142,503	862,874	862,874	-	2%		Y		Y
0	TGI	TAH	2	〃	1,408,625	1,408,625	1,408,625	-	3%		Y		Y
0	TGI	TBF	2	〃	4,205,700	4,054,425	3,230,685	-	9%		Y		Y
1	TGF	CFG	4	3,874,031	138,107	134,259	-	-	2%				Y
1	TGF	TCD	4	〃	1,203,431	895,064	640,382	-	14%				Y
2	CFG	TTAR	4	1,143,342	373,606	268,519	223,766	-	14%				Y
2	CFG	TGF	4	〃	513,708	492,285	366,226	-	26%				Y
3	DHG	QFG	4	3,121,024	720,101	716,051	447,532	-	14%				Y
4	TGCH	TGI	3	26,519,647	50,000	50,000	50,000	-	0%			Y	
5	TCD	TGF	4	1,664,143	233,504	-	-	-	0%				Y
6	QFG	TQPT	2	920,225	271,105	269,839	223,766	-	18%		Y		Y

Note 1: The Company and its subsidiaries are coded as follows:
1. The Company is coded "0".
2. The subsidiaries are coded starting from "1" in numerical order.

Note 2: Receiving parties are disclosed as one of the following:
1. An investee that has a business relationship with the Company
2. A subsidiary in which the Company holds directly over 50% of equity interest.
3. An investee in which the Company and its subsidiaries hold over 50% of equity interest.
4. An investee in which the Company holds directly or indirectly over 50% of equity interest.
5. A company which needs mutual insurance basing on the construction agreement.
6. A company in which the Company endorses or guarantees basing on the holding proportion of mutual investments.

Note 3: The process of providing finance to others, the limits to individual counterparties and the total financing limit for the company should be noted, as well as the computations.

Note 4: The maximum amount of the Company and its subsidiaries' endorsement or guarantee to others for the year ended December 31, 2017

Note 5: The Company bears the responsibility of endorsements or guarantees as long as the ceilings on the amount of guarantees or endorsements are approved by banks.
Other occurrences related to endorsement or guarantee shall be included in the balance.

Note 6: Fill in the actual amount drawn from the balance.

Note 7: Fill in "Y" if it belongs to "Parent Company Endorsement or Guarantee for the Subsidiaries", "Subsidiaries Endorsement or Guarantee for the Parent Company", or "Endorsement or Guarantee for Entities in China".

Note 8: All transactions listed above are eliminated in the consolidated financial statements.

Attachment 3

Securities held as of December 31, 2018 (Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Type and Name of the Securities (Note 1)	Relationship (Note 2)	Financial Statement Account	As of December 31, 2018				Remark
				Shares	Carrying Value (Note 3)	Percentage of Ownership	Fair Value	(Note 4)
TGI	Securities:							
	China Development Financial Holdings	-	Available-for-sale financial assets - non-current	21,681,340	$210,743	0.14%	$210,743	
	Chi-Ye Chemical Corp.	-	〃	659,000	52,582	3.30%	52,582	
	Chang Hwa Commercial Bank, Ltd.	-	〃	308	5	0.00%	5	
	Hua Nan Financial Holdings Co., Ltd.	-	〃	141	2	0.00%	2	
	Total				$263,332			
	Financial products－							
CDG	Bank of Communications, Qingbaijiang Branch	-	Financial assets at fair value through profit or loss - current	-	$478,859	-	$478,859	

Note 1: The securities herein shall refer to stocks, bonds, beneficiary certificates and other marketable securities derived from the above items in the scope of IFRS 9-Financial Instruments.

Note 2: Securities issued by non-related parties are not required to fill in this column.

Note 3: For items measured at fair value, the carrying value is the balance of the book value adjusted by fair value valuation deducting accumulated impairment.

For items not measured at fair value, the carrying value is the book value balance of the historical cost or amortized cost after deducting accumulated impairment.

Note 4: Securities with restrictions because of being provided for security, as pledge or under other covenants should state the number of shares or dollar amount provided for security or pledge and the restriction terms.

Attachment 4

Individual securities acquired or disposed of with accumulated amount exceeding

NT$300 million or 20 percent of the capital stock for the year ended December 31, 2018

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Type and Name of the Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Selling Amount	Carrying Value	Gain or Loss on Disposal	Shares	Amount
TGI	Securities TGCH	Investments accounted for using the equity method	TGCH	Parent-Subsidiary	1,307,251,564	$39,740,085	46,781,758	$1,434,796 (Note5) 345,462 (Note6)	-	$-	$-	$-	1,354,033,322	$41,520,343
TGCH	SCH	Investments accounted for using the equity method	SCH	Associate	1,448,323,842	3,001,820	456,122,144	1,434,796 (Note5) (313,657) (Note6)	-	-	-	-	1,904,445,986	4,122,959
CDG	Financial products－Bank of Communications, Qingbaijiang Branch	Financial assets at fair value through profit or loss - current	-	-	-	-	-	556,305 (9,048) (Note7)	-	68,485	68,398	87	-	478,859

Note 1: The securities herein shall refer to stocks, bonds, beneficiary certificates and other securities derived from the above items.

Note 2: These columns are filled only if securities are investments accounted for using the equity method.

Note 3: Accumulated amount of securities purchased or sold are calculated at market value to determine whether they exceed NT$300 million or 20% of the capital stock.

Note 4: Paid-in Capital shall refer to the paid-in capital of parent company.

Note 5: The amount includes cash injection.

Note 6: The amount includes share of losses of subsidiaries, share of other comprehensive income, and increase through changes in ownership interests in subsidiaries.
and other changes in stockholders' equity of equity investees.

Note 7: The amount includes foreign exchange adjustments.

Note 8: The amount is eliminated in the consolidated financial statements, except for SCH and financial products.

Attachment 5
Related party transactions for purchases and sales amounts exceeding NT$100 million
or 20 percent of capital stock as of for the year ended December 31, 2018

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Counterparty	Relationship	Transaction Details				Details Different from Non-arm's Length Transactions (Note 1)		Notes and Accounts Receivable (Payable)		Remark (Note 2)
			Sale/Purchase	Amount	Percentage of Total Sales or Purchases	Term	Unit Price	Terms	Balance	Percentage of Total Receivable (Payable)	
TGI	TAG	Parent-subsidiary	Sales	$(104,822)	(1)%	3 months	$-	-	$13,190	1%	
TGI	QFG	Parent-subsidiary	Sales	(355,640)	(3)%	3 months	-	-	61,945	5%	
TGI	TGF	Parent-subsidiary	Sales	(105,341)	(1)%	3 months	-	-	380	0%	
CFG	TKG	Affiliate Company	Sales	(498,240)	(12)%	3 months	-	-	-	-	
TAH	CFG	Affiliate Company	Sales	(390,904)	(14)%	3 months	-	-	120,717	19%	
TAH	TTAR	Affiliate Company	Sales	(294,892)	(11)%	3 months	-	-	183,105	30%	
TAH	TWAR	Affiliate Company	Sales	(257,329)	(10)%	3 months	-	-	121,573	20%	
TCD	TGF	Affiliate Company	Sales	(212,648)	(10)%	3 months	-	-	22,440	4%	
QFG	TGUS	Affiliate Company	Sales	(261,913)	(12)%	3 months	-	-	25,357	23%	
QFG	TPMT	Other related party	Sales	(140,824)	(7)%	3 months	-	-	-	-	
TJG	TGUS	Affiliate Company	Sales	(241,800)	(14)%	3 months	-	-	13,727	6%	
TXY	XYES	Parent-subsidiary	Sales	(139,193)	(4)%	3 months	-	-	32,666	6%	
TXY	CDG	Affiliate Company	Sales	(138,235)	(4)%	3 months	-	-	111,303	22%	
TYAU	DYK	Other related party	Sales	(268,149)	(55)%	3 months	-	-	94,847	64%	
TAG	TGI	Parent-subsidiary	Purchases	104,822	42 %	3 months	-	-	(13,190)	(38)%	
QFG	TGI	Parent-subsidiary	Purchases	355,640	21 %	3 months	-	-	(61,945)	(29)%	
TKG	CFG	Affiliate Company	Purchases	498,240	49 %	3 months	-	-	-	-	

Attachment 5

Related party transactions for purchases and sales amounts exceeding NT$100 million or 20 percent of capital stock as of for the year ended December 31, 2018(Continue)

(Dollar amount expressed in thousands of NTD unless otherwise specified)

			Transaction Details				Details Different from Non-arm's Length Transactions (Note 1)		Notes and Accounts Receivable (Payable)		
Company	Counterparty	Relationship	Sale/Purchase	Amount	Percentage of Total Sales or Purchases	Term	Unit Price	Terms	Balance	Percentage of Total Receivable (Payable)	Remark (Note 2)
CFG	TAH	Affiliate Company	Purchases	390,904	13 %	3 months	$-	-	(120,717)	(12)%	
TTAR	TAH	Affiliate Company	Purchases	294,892	48 %	3 months	-	-	(183,105)	(74)%	
TWAR	TAH	Affiliate Company	Purchases	257,329	34 %	3 months	-	-	(121,573)	(63)%	
TGF	TGI	Parent-subsidiary	Purchases	105,341	4 %	3 months	-	-	(380)	-	
TGF	TCD	Affiliate Company	Purchases	212,648	9 %	3 months	-	-	(22,440)	(24)%	
TGUS	QFG	Affiliate Company	Purchases	261,913	32 %	3 months	-	-	(25,357)	(46)%	
TGUS	TJG	Affiliate Company	Purchases	241,800	30 %	3 months	-	-	(13,727)	(25)%	
XYES	TXY	Parent-subsidiary	Purchases	139,193	100 %	3 months	-	-	(32,666)	(100)%	
CDG	TXY	Affiliate Company	Purchases	138,235	5 %	3 months	-	-	(111,303)	(43)%	
HNG	SCJ	Affiliate Company	Purchases	349,746	21 %	3 months	-	-	(66,539)	(37)%	
DHG	SCJ	Affiliate Company	Purchases	472,609	28 %	3 months	-	-	(1,498)	(3)%	
TJG	SCJ	Affiliate Company	Purchases	184,951	14 %	3 months	-	-	(53,891)	(24)%	
QFG	SCJ	Affiliate Company	Purchases	237,177	14 %	3 months	-	-	-	-	
TAH	SCJ	Affiliate Company	Purchases	388,180	20 %	3 months	-	-	(35,647)	(32)%	
TAH	TRAE	Affiliate Company	Purchases	246,244	12 %	3 months			-	-	
CFG	SCJ	Affiliate Company	Purchases	370,344	12 %	3 months	-	-	(40,652)	(21)%	
FPG	SCJ	Affiliate Company	Purchases	167,774	17 %	3 months	-	-	(94,795)	(60)%	

Note 1: If the related parties' trading terms are different from the general trading terms, the differences and reasons for such differences should be stated in the "Unit price" and "Terms" columns.
Note 2: Transactions with advance receipts and prepayments should state the reasons, the terms of agreements, the amount and the difference from general transactions in the Remark column.
Note 3: Paid-in Capital shall refer to the paid-in capital of parent company.If the issuer's stock is not denominated or the denomination is not NT$10, the transaction amount of 20% of the paid-up capital shall be calculated as 10% of the equity of f the parent company on the balance sheet.
Note 4: All transactions listed above are eliminated in the consolidated financial statements except for TPMT, DYK, TRAE and SCJ.

Attachment 6

Receivables from related parties with amounts exceeding NT$100 million

or 20 percent of capital stock as of for the year ended December 31, 2018 (Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Counterparty	Relationship	Ending Balance (Note 1)	Turnover	Overdue Receivables		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Collection		
TGCH	CFG	Parent-subsidiary	Other receivables $330,133	-	$-	-	$-	$-
TGCH	TJG	Parent-subsidiary	Other receivables 1,140,168	-	-	-	-	-
TGCH	FPG	Parent-subsidiary	Other receivables 555,772	-	-	-	-	-
TGCH	TCD	Parent-subsidiary	Other receivables 1,397,676	-	-	-	-	-
TGCH	TAH	Parent-subsidiary	Other receivables 1,305,488	-	-	-	-	-
QFG	QRG	Parent-subsidiary	Other receivables 148,497	-	-	-	-	-
CDG	TWAR	Affiliate Company	Other receivables 1,264,301	-	-	-	-	-
CDG	HZSS	Affiliate Company	Other receivables 145,535	-	-	-	-	-
CDG	TXY	Affiliate Company	Other receivables 998,047	-	-	-	-	-
CDG	TTAR	Affiliate Company	Other receivables 498,962	-	-	-	-	-
TKG	CFG	Affiliate Company	Other receivables 712,717	-	-	-	-	-

Attachment 6

Receivables from related parties with amounts exceeding NT$100 million

or 20 percent of capital stock as of for the year ended December 31, 2018(Continue)

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Counterparty	Relationship	Ending Balance (Note 1)	Turnover	Overdue Receivables		Amount Received in Subsequent Period	Allowance for Bad Debts
					Amount	Collection		
TGF	TCD	Affiliate Company	Other receivables $1,255,040	-	-	-	-	-
TGF	TBF	Affiliate Company	Other receivables 271,498	-	-	-	-	-
DHG	FPG	Affiliate Company	Other receivables 1,712,733	-	-	-	-	-
TKG	CFG	Affiliate Company	Account receivables 108,744	-	-	-	-	-
TXY	CDG	Affiliate Company	Account receivables 111,303	-	-	-	-	-
TAH	CFG	Affiliate Company	Account receivables 120,717	-	-	-	-	-
TAH	TTAR	Affiliate Company	Account receivables 183,105	-	-	-	-	-
TAH	TWAR	Affiliate Company	Account receivables 121,573	-	-	-	-	-

Note 1: Fill in information such as related parties account receivables, notes receivable, other receivables, etc.

Note 2: Paid-in Capital shall refer to the paid-in capital of parent company.If the issuer's stock is not denominated or the denomination is not NT$10, the transaction amount of 20% of the paid-up capital shall be calculated as 10% of the equity of f the parent company on the balance sheet.

Note 3: All transactions listed above are eliminated in the consolidated financial statements.

Attachment 7

Significant intercompany transactions for the year ended December 31, 2018

(Dollar amount expressed in thousands of NTD unless otherwise specified)

No. (Note 1)	Related Party	Counterparty	Relationship with the Company (Note 2)	Transaction Details			
				Account	Amount	Terms	Percentage (Note 3)
0	TGI	TAG	1	Sales revenues	$104,882	The same as domestic sales	0%
0	TGI	QFG	1	〃	355,622	〃	1%
0	TGI	TGF	1	〃	105,341	〃	0%
1	CFG	TKG	3	〃	498,240	〃	1%
2	TAH	CFG	3	〃	390,904	〃	1%
2	〃	TTAR	3	〃	294,892	〃	1%
2	〃	TWAR	3	〃	257,329	〃	1%
3	TCD	TGF	3	〃	212,648	〃	1%
4	QFG	TGUS	3	〃	261,913	〃	1%
5	TJG	TGUS	3	〃	241,800	〃	1%
6	TXY	XYES	1	〃	139,193	〃	0%
6	〃	CDG	3	〃	138,235	〃	0%
7	TKG	CFG	3	Accounts receivables - related parties	108,744		0%
6	TXY	CDG	3	〃	111,303		0%
2	TAH	CFG	3	〃	120,717		0%
2	〃	TTAR	3	〃	183,105		0%
2	〃	TWAR	3	〃	121,573		0%
8	TGCH	CFG	1	Other receivables - related parties	330,133		0%
8	〃	TJG	1	〃	1,140,168		1%
8	〃	FPG	1	〃	555,772		1%
8	〃	TCD	1	〃	1,397,676		2%
8	〃	TAH	1	〃	1,305,488		2%
7	TKG	CFG	3	〃	712,717		1%
4	QFG	QRG	1	〃	148,497		0%
9	CDG	TWAR	3	〃	1,264,301		1%
9	〃	HZSS	3	〃	145,535		0%
9	〃	TXY	3	〃	998,047		1%
9	〃	TTAR	3	〃	498,962		1%
10	TGF	TCD	3	〃	1,255,040		1%
10	〃	TBF	3	〃	271,498		0%
11	DHG	FPG	3	〃	1,712,733		2%

Note 1: The Company and its subsidiaries are coded as follows:
1 The Company is coded "0".
2 Subsidiaries are coded consecutively starting from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:
1. Parent company to subsidiary
2. Subsidiary to parent company
3. Subsidiary to subsidiary

Note 3: The percentage is determined by the ratio of the transaction amount to the consolidated revenues or the total assets. Items on the balance sheet are calculated by the ending balance to total consolidated assets; items on the income statement are calculated by their cumulative balance to the total consolidated income.

Note 4: The disclosure of significant intercompany transactions in this attachment is determined by the company based on the materiality.

Attachment 8

Names, locations and related information of investee companies as of December 31, 2018 (Dollar amount expressed in thousands of NTD unless otherwise specified)

Company	Investee (Note 1,2)	Area Within	Nature of Business	Initial Investment		Investment as of December 31, 2018			Profit or Loss of Investee (Note 2)	Gain or Loss on Investment (Note 2,3)	Remark
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership	Carrying Value			
TGI	TGUS	US	Investment in QRG and selling of glasses.	$17,676 USD 461	$17,676 USD 461	4,612	100.00%	$370,351	$43,233	$43,233	
〃	TGCH	Bermuda	Investment in QRG, QFG, YNSS, TGF, CFG, FYSS, CDG, DHG, HZSS, HNG, TKG, TJG, FPG, TXY, TTAR, TYAU, TAH, TYSM, TWAR, TCD, TBF, and SCH.	41,724,578 USD 1,343,151	40,289,782 USD 1,296,369	###########	93.98%	41,520,343	1,515,768	1,411,759	
〃	TAG	Taiwan	Investment in TAGH and selling of auto glasses.	263,582	263,582	26,100,000	87.00%	256,946	(50,005)	(43,933)	
〃	TVIG	Taiwan	Selling vacuum insulation glass	438,750	438,750	43,875,000	65.00%	193,352	(44,164)	(28,707)	
〃	HTG	Taiwan	Selling kitchen appliance	10,000	10,000	-	-	-	2,262	1,131	(Note 3)
TGCH	SCH	Hong Kong	Investment in Shihlien Chemical Industrial (Jiangsu) Co., Ltd. (SCJ) and Huaian Shihyuan Brine Co., Ltd. (HSB).	7,861,681 USD 252,088	6,426,885 USD 205,307	1,904,445,986	43.99%	4,122,959	532,595	197,348	
TAG	TAGH	Bermuda	Investment in TYAU.	188,571 USD 6,000	188,571 USD 6,000	6,000,000	100.00%	87,206	(6,724)	(6,724)	

Note 1: A listed company which has a foreign holding company that uses the consolidated financial statements as the master financial report according to its local regulations may disclose information regarding foreign investees only to the extent of the holding company.

Note 2: Fill in information following the instruction below for matters not applied in Note 1 indicated above:

(1) The columns of "Name of investee", "Area Within", "Nature of Business", "Initial Investment" and "Investment as of December 31, 2018" should fill in information of the reinvestment of the listed company, reinvestment of every direct or indirect reinvestment of the investee, and disclose the relationship of the investees with the Company in the Remark column. (Such as subsidiary or sub-subsidiary)

(2) The column of "Profit or Loss of Investee" should fill in the current profit or loss of the investees.

(3) The column of "Gain or Loss on Investment" only require profit / loss of the direct investees and all investees accounted for under the equity method When filling in the above items, make sure the profit / loss of direct investee subsidiaries include the profit or loss of their reinvestments that are required to be recognized.

Note 3: Due to changes in operating strategies, the resolution disbanded HTG. on March 31, 2018 and the Company has lost its control.

Note 4: All transactions listed above are eliminated in the consolidated financial statements except for SCJ and its investments in mainland China.

Attachment 9

Investment in Mainland China as of December 31, 2018

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Investee	Nature of Business	Total Amount of Paid-in Capital	Investment Method (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflows of Investment from Taiwan as of December 31, 2018	Profit or Loss of Investee company	Percentage of Ownership	Profit or Loss on Investment (Note 2(ii)c.)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
QRG	Manufacturing of photovoltaic glass	$899,734 USD 29,293 (Note 19)	(i)	$32,988 USD 1,074	$- -	$- -	$32,988 USD 1,074	$(35,477)	94.96%	$(33,689)	$151,398	$-
QFG	Manufacturing of flat glasses	2,696,777 USD 87,800 (Note 13、Note22)	(ii)	1,455,553 USD 47,389	- -	- -	1,455,553 USD 47,389	(72,497)	93.98%	(68,133)	1,441,378	-
YNSS	Manufacturing of silica sand	123,136 USD 4,009 (Note 13)	(ii)	59,556 USD 1,939	- -	- -	59,556 USD 1,939	18,849	59.56%	11,227	102,661	-
CFG	Manufacturing of flat glasses & low-emission glasses	2,150,050 USD 70,000	(ii)	1,965,760 USD 64,000	- -	- -	1,965,760 USD 64,000	(50,722)	93.98%	(47,669)	1,790,854	-
FYSS	Manufacturing of silica sand	132,075 USD 4,300 (Note 6)	(ii)	64,502 USD 2,100	- -	- -	64,502 USD 2,100	(52,274)	93.98%	(49,127)	124,662	-
TGF	Manufacturing of glass fabric & fiber	3,378,650 USD 110,000 (Note 12)	(ii)	2,798,628 USD 91,116	- -	- -	2,798,628 USD 91,116	633,000	93.98%	594,893	6,068,023	-
CDG	Manufacturing of flat glasses & low-emission glasses	2,150,050 USD 70,000 (Note 11)	(ii)	1,501,810 USD 48,895	- -	- -	1,501,810 USD 48,895	751,953	93.98%	706,685	6,974,759	-
HZSS	Manufacturing of silica sand	322,508 USD 10,500	(ii)	322,508 USD 10,500	- -	- -	322,508 USD 10,500	(42,828)	93.98%	(40,250)	155,829	-
HNG	Manufacturing of flat glasses & low-emission glasses	3,255,790 USD 106,000 (Note 10)	(ii)	2,718,278 USD 88,500	- -	- -	2,718,278 USD 88,500	123,878	93.98%	116,421	3,136,836	-
DHG	Manufacturing of flat glasses	2,457,200 USD 80,000 (Note 8、Note 13、Note 21)	(ii)	1,535,750 USD 50,000	- -	- -	1,535,750 USD 50,000	302,993	93.98%	284,753	4,888,563	-
TJG	Manufacturing of flat glasses & low-emission glasses	2,180,765 USD 71,000 (Note 9)	(ii)	1,812,185 USD 59,000	- -	- -	1,812,185 USD 59,000	(308,193)	93.98%	(289,640)	51,190	-
TKG	Manufacturing of flat glasses	737,160 USD 24,000 (Note 7)	(ii)	368,580 USD 12,000	- -	- -	368,580 USD 12,000	172,828	93.98%	162,424	1,330,097	-
FPG	Manufacturing of photovoltaic glass & cell module assembly	2,547,134 USD 82,928 (Note 20)	(ii)	1,597,180 USD 52,000	- -	- -	1,597,180 USD 52,000	(496,539)	93.98%	(466,648)	(140,187)	-
SCJ	Manufacturing of soda ash	24,572,000 USD 800,000 (Note 14)	(ii)	4,901,868 USD 159,592	- -	- -	4,901,868 USD 159,592	1,038,519	41.34%	429,324	7,578,072	-
HSB	Manufacturing Brine	982,880 USD 32,000 (Note 15)	(ii)	184,290 USD 6,000	- -	- -	184,290 USD 6,000	158,984	41.34%	65,724	663,174	-
TXY	Manufacturing of flat glasses	3,071,500 USD 100,000 (Note 16)	(ii)	1,996,475 USD 65,000	- -	- -	1,996,475 USD 65,000	307,261	93.98%	288,764	2,393,328	-
TTAR	Manufacturing of low-emission glasses	1,075,025 USD 35,000	(ii)	1,075,025 USD 35,000	- -	- -	1,075,025 USD 35,000	56,882	93.98%	53,458	609,656	-

Attachment 9

Investment in Mainland China as of December 31, 2018(Continue)

(Dollar amount expressed in thousands of NTD unless otherwise specified)

Investee	Nature of Business	Total Amount of Paid-in Capital	Investment Method (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflows of Investment from Taiwan as of December 31, 2018	Profit or Loss of Investee company	Percentage of Ownership	Profit or Loss on Investment (Note 2(ii)b.)	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow						
TAH	Manufacturing of flat glasses	$2,610,775 USD 85,000	(ii)	$2,610,775 USD 85,000	$- -	$- -	$2,610,775 USD 85,000	$69,701	93.98%	$65,505	$1,857,258	$-
TYSM	Manufacturing of solar glasses	1,996,475 USD 65,000 (Note 17)	(ii)	1,382,175 USD 45,000	115,181 USD 3,750	- -	1,497,356 USD 48,750	(336,193)	70.49%	(236,982)	477,500	-
TWAR	Manufacturing of low-emission glasses	1,075,025 USD 35,000	(ii)	1,075,025 USD 35,000	- -	- -	1,075,025 USD 35,000	(50,932)	93.98%	(47,866)	363,845	-
TYAU	Manufacturing of auto glasses	2,088,620 USD 68,000 (Note 18)	(ii)	1,068,882 USD 34,800	- -	- -	1,068,882 USD 34,800	(69,433)	55.77%	(38,723)	577,009	-
TBF	Manufacturing of glass fabric	1,842,900 USD 60,000	(ii)	1,842,900 USD 60,000	- -	- -	1,842,900 USD 60,000	(246,275)	93.98%	(231,449)	1,352,890	-
TCD	Manufacturing of glass fabric	2,856,495 USD 93,000	(ii)	2,856,495 USD 93,000	- -	- -	2,856,495 USD 93,000	416,734	93.98%	391,647	2,606,603	-

(Dollar amount expressed in thousands of NTD; thousands of USD)

Accumulated Investment in Mainland China as of December 31, 2018	Investment Amount Authorized by Investment Commission, Ministry of Economic Affairs (Note 4)	Limit on Investment Amount to Mainland China
35,342,369 USD 1,150,655	39,750,256 USD 1,280,999 & RMB 90,356	(Note 5)

Note 1: The methods for engaging in investment in Mainland China include the following:
(i) Direct investment in Mainland China companies.
(ii) Investment in Mainland China companies through a company invested and established in a third region
(iii) Other methods

Note 2: In the column of profit or loss on investment:
(i) The investment still in preparation and not generating profit or loss yet should be noted.
(ii) The gain or loss on investment were determined based on the following:
a. The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm
b. The financial statements certificated by the CPA of the parent company in Taiwan
c. Others

Note 3: The amount of this attachment are expressed in New Taiwan Dollars.
Note 4: The investment amount was authorized by Investment Commission, Ministry of Economic Affairs.
Note 5: The Company does not have a limit on investment in Mainland China since it qualified as operation headquarter approved by the Industrial Development Bureau, Ministry of Economic Affairs.
Note 6: The TGCH invested the other USD 2,200 thousand to the entity with its own capital.
Note 7: The other USD 12,000 thousand was invested by third party through the TGCH.
Note 8: Third party invested USD 3,000 thousand to the entity through the TGCH.
Note 9: Third party invested USD 12,000 thousand to the entity through the TGCH.
Note 10: Third party invested USD 17,000 thousand to the entity through the TGCH; TGCH also invested to the entity USD 500 thousand with its own capital.
Note 11: Third party invested USD 21,000 thousand to the entity through the TGCH.
Note 12: Third party invested USD 17,000 thousand to the entity through the TGCH.
Note 13: The QFG, YNSS, and DHG invested USD 27,800 thousand, USD 592 thousand, and USD13,000 thousand, their unappropriated earnings, respectively to the subsidiary.
Note 14: The SCH, the investee of the TGCH, invested USD 640,408 thousand to the entity with its and third party’s capital.
Note 15: The SCH invested USD 26,000 thousand to the entity with third party’s capital.
Note 16: The USD 35,000 thousand earnings distributed by CFG and CDG was invested by TGCH. The Company did not provide any funding.
Note 17: The USD 15,000 thousand was invested by the third party. The Company did not provide any funding.
Note 18: The TAGH and third party invested additional USD 6,000 thousand and USD 27,200 thousand to the entity, respectively.
Note 19: The QFG and TGUS invested USD 23,319 thousand and USD 4,774 thousand to the entity, respectively.
Note 20: The FPG raised capital of USD 30,928 thousand through debt for equity swap. The Company did not provide any funding.
Note 21: The DHG raised capital of USD 14,000 thousand through debt for equity swap. The Company did not provide any funding.
Note 22: The QFG raised capital of USD 5,000 thousand through debt for equity swap. The Company did not provide any funding.
Note 23: All amount listed above are eliminated in the consolidated financial statements except for SCJ and HSB.