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**TAIWAN GLASS INDUSTRIAL CORPORATION
PARENT COMPANY ONLY FINANCIAL
STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

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The reader is advised that these parent company only 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 balance sheets of Taiwan Glass Industrial Corporation (the "Company") as of December 31, 2019 and 2018, and the related statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the financial statements, including the summary of significant accounting policies (collectively "the financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and their financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits of 2019 financial statements in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, Order No. Financial-Supervisory-Securities-Auditing-1090360805 issued by the Financial Supervisory Commission on February 25, 2020, and auditing standards generally accepted in the Republic of China; we conducted our audit of 2018 financial statements in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company 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 2019 financial statements. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Impairment Valuation of Non-financial assets

As of December 31, 2019, the Company's property, plant and equipment amounted to NT\$15,619,637 thousand, which accounted for 25% of its total assets, which is relatively material for the 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 value in use was adopted for the recoverable amounts of different cash generating units. 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, analyzing the rationality of recoverable amounts used by management, obtaining underlying data of the recoverable amount provided by management (including cash flow forecast and growth rate) and related assumptions and discussing with management; using the work of internal expert to assist us in considering the discount rate used by management and to account for the recoverable amounts for impairment assessment used by management.

We also assessed the adequacy of disclosures of property, plant and equipment. Please refer to Notes 4, 5 and 6 to the Company's financial statements.

Valuation of Inventories

As of December 31, 2019, the Company's net inventories amounted to NT\$3,633,098 thousand, which is relatively material for the financial statements. The Company is 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 net realizable value used by management; vouching samples to verify accuracy of inventory aging.

We also assessed the adequacy of disclosures of inventories. Please refer to Notes 4, 5 and 6 to the Company's financial statements.



Revenue Recognition

Operating revenues recognized by the Company amounted to NT\$11,702,108 thousand for the year ended December 31, 2019. 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 financial statements.

Emphasis of Matter – Applying for New Accounting Standards

As stated in Note 3 of the Company's financial statements, the Company adopted the International Financial Reporting Standard 16, "Leases" on January 1, 2019, and elected not to restate the Company's financial statements for prior periods.

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

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

In preparing the financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company 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.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 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.
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. 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 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 to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the accompanying notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the 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 2019 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 16, 2020

Notice to Readers

The accompanying parent company only 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only 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 Financial Statements Originally Issued in Chinese
 TAIWAN GLASS INDUSTRIAL CORPORATION
 PARENT COMPANY ONLY BALANCE SHEETS
 December 31, 2019 and 2018
 (Expressed in Thousands of New Taiwan Dollars)

ASSETS	NOTE	As of December 31,		LIABILITIES AND EQUITY	NOTE	As of December 31,	
		2019	2018			2019	2018
Current assets				Current liabilities			
Cash and cash equivalents	4, 6(1)	\$507,190	\$584,331	Short-term loans	6(11)	\$2,000,000	\$1,900,000
Notes receivable, net	4, 6(2)	138,109	167,377	Short-term bills payable	6(12)	3,741,006	3,295,570
Accounts receivable, net	4, 6(3), 7	1,369,794	1,145,522	Contract liabilities - current	4, 6(16), 7	415,347	722,780
Other receivables, net	4, 6(4), 7	150,155	204,986	Accounts payable	7	1,159,372	803,267
Current income tax assets	4	142	8,371	Other payables	7	2,441,800	705,131
Inventories, net	4, 6(5)	3,633,098	3,143,647	Current income tax liabilities	4	-	65,043
Prepayments	7	485,581	631,172	Current lease liabilities	4, 6(19), 7	37,051	-
Other current assets	7,8	4,864	4,559	Advance receipts	7	1,090	1,453
Total current assets		<u>6,288,933</u>	<u>5,889,965</u>	Current portion of long-term loans	6(13)	4,014,242	5,251,607
				Other current liabilities, others	7	17,493	17,837
				Total current liabilities		<u>13,827,401</u>	<u>12,762,688</u>
Non-current assets				Non-current liabilities			
Financial assets at fair value through other comprehensive income - non-current	4, 6(6)	257,667	263,332	Long-term loans	6(13)	8,119,091	6,233,333
Investments accounted for using the equity method	4, 6(7)	40,221,358	42,340,992	Deferred tax liabilities	4, 6(23)	288,170	294,147
Property, plant and equipment	4, 6(8)	15,619,637	15,072,246	Non-current lease liabilities	4, 6(19), 7	65,302	-
Right-of-use assets	4, 6(9), 6(19), 7	105,383	-	Accrued pension liabilities	4, 6(14)	459,072	413,265
Deferred tax assets	4, 6(23)	382,396	344,928	Deposits-in		759	791
Other non-current assets	6(10)	48,502	38,241	Total non-current liabilities		<u>8,932,394</u>	<u>6,941,536</u>
Total non-current assets		<u>56,634,943</u>	<u>58,059,739</u>	Total liabilities		<u>22,759,795</u>	<u>19,704,224</u>
				Capital	6(15)		
				Common stock		29,080,608	29,080,608
				Additional paid-in capital	6(15), 6(25)	1,925,218	1,925,218
				Retained earnings	6(15)		
				Legal reserve		5,935,764	5,829,135
				Special reserve		5,102,550	5,102,550
				Unappropriated retained earnings		2,496,601	4,973,947
				Total retained earnings		<u>13,534,915</u>	<u>15,905,632</u>
				Other components of equity			
				Exchange differences on translation of foreign operations	4	(4,256,371)	(2,551,354)
				Unrealized gains and losses on financial assets at fair value through other comprehensive income		(120,289)	(114,624)
				Total other components of equity		<u>(4,376,660)</u>	<u>(2,665,978)</u>
				Total equity		<u>40,164,081</u>	<u>44,245,480</u>
Total assets		<u>\$62,923,876</u>	<u>\$63,949,704</u>	Total liabilities and equity		<u>\$62,923,876</u>	<u>\$63,949,704</u>

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

English Translation of Financial Statements Originally Issued in Chinese
 TAIWAN GLASS INDUSTRIAL CORPORATION
 PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
 For the years ended December 31, 2019 and 2018
 (Expressed in Thousands of New Taiwan Dollars Except Earnings Per Share Information)

	Note	For the years ended December 31,	
		2019	2018
Operating revenues	4, 6(16), 7	\$11,702,108	\$12,561,584
Operating costs	6(5),6(19), 6(20), 7	(10,695,337)	(10,811,575)
Gross profit		1,006,771	1,750,009
Unrealized intercompany profit		11,382	24,547
Realized intercompany profit		(24,547)	7,913
Net gross profit		993,606	1,782,469
Operating expenses	6(17), 6(19), 6(20), 7		
Selling and marketing expenses		(1,615,838)	(1,684,256)
General and administrative expenses		(251,336)	(273,636)
Research and development expenses		(51,691)	(92,818)
Expected credit gains		85	292
Subtotal		(1,918,780)	(2,050,418)
Net amount of other revenues and gains and expenses and losses	6(18), 7	2,957	25,417
Operating loss		(922,217)	(242,532)
Non-operating income and expenses			
Other income	6(21), 7	224,373	226,266
Other gains and losses	6(21), 7	(98,908)	(14,110)
Financial costs	4, 6(21), 7	(270,275)	(241,207)
Share of (loss) income of subsidiaries, associates and joint ventures for under equity method	4	(400,980)	1,383,482
Subtotal		(545,790)	1,354,431
(Loss) Income from continuing operations before income tax		(1,468,007)	1,111,899
Income tax benefit (expense)	4, 6(23)	19,557	(45,613)
Net (loss) income from continuing operations		(1,448,450)	1,066,286
Other comprehensive income	4, 6(14), 6(22), 6(23)		
Other comprehensive income that will not be reclassified subsequently:			
Remeasurement of defined benefit obligation		(63,970)	(390,304)
Unrealized losses on equity instruments investments at fair value through other comprehensive income		(5,665)	(900)
Share of other comprehensive loss of subsidiaries, associates and joint ventures for under equity method		(701)	(3,358)
Income tax related to components of other comprehensive income that will not be reclassified subsequently		12,794	101,650
Other comprehensive income that will be reclassified subsequently:			
Share of other comprehensive loss of subsidiaries, associates and joint ventures for under equity method		(1,705,017)	(932,623)
Income tax related to components of other comprehensive income that will be reclassified subsequently		-	-
Total other comprehensive income, net of tax		(1,762,559)	(1,225,535)
Total comprehensive income		\$(3,211,009)	\$ (159,249)
Earnings per share (NT\$)	6(24)		
Earnings per share-basic		\$(0.50)	\$0.37
Diluted earnings per share			\$0.37

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

English Translation of Financial Statements Originally Issued in Chinese
 TAIWAN GLASS INDUSTRIAL CORPORATION
 PARENT COMPANY ONLY STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
 For the years ended December 31, 2019 and 2018
 (Expressed in Thousands of New Taiwan Dollars)

	Capital	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Retained Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
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
Appropriations and distributions of 2017 earnings:								
Legal reserve			212,377		(212,377)			-
Cash dividends					(1,454,030)			(1,454,030)
Net income in 2018					1,066,286			1,066,286
Other comprehensive income, net of tax in 2018					(292,012)	(932,623)	(900)	(1,225,535)
Total comprehensive income	-	-	-	-	774,274	(932,623)	(900)	(159,249)
Increase (decrease) through changes in ownership interests in subsidiaries		3,643				(3,422)		221
Decrease through changes in associates accounted for using equity method					(180,722)			(180,722)
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
Effects of retrospective application and retrospective restatement					2,028			2,028
Adjusted balance as of January 1, 2019	29,080,608	1,925,218	5,829,135	5,102,550	4,975,975	(2,551,354)	(114,624)	44,247,508
Appropriations and distributions of 2018 earnings:								
Legal reserve			106,629		(106,629)			-
Cash dividends					(872,418)			(872,418)
Net loss in 2019					(1,448,450)			(1,448,450)
Other comprehensive income, net of tax in 2019					(51,877)	(1,705,017)	(5,665)	(1,762,559)
Total comprehensive income	-	-	-	-	(1,500,327)	(1,705,017)	(5,665)	(3,211,009)
Balance as of December 31, 2019	\$29,080,608	\$1,925,218	\$5,935,764	\$5,102,550	\$2,496,601	\$(4,256,371)	\$(120,289)	\$40,164,081

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

English Translation of Financial Statements Originally Issued in Chinese
 TAIWAN GLASS INDUSTRIAL CORPORATION
 PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
 For the years ended December 31, 2019 and 2018
 (Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31,	
	2019	2018
Cash flows from operating activities:		
(Loss) Income before income tax	\$(1,468,007)	\$1,111,899
Adjustments:		
Depreciation (including investment property)	1,210,620	1,188,429
Amortization	4,258	3,391
Expected credit losses and gains	(85)	(292)
Interest expenses	270,275	241,207
Interest income	(1,624)	(2,594)
Dividend income	(7,493)	(13,998)
Share of loss (income) of subsidiaries, associates and joint ventures	400,980	(1,383,482)
Gains on disposal of property, plant and equipment	(2,957)	(25,417)
Loss on disposal of investment	-	86
Unrealized intercompany profit	(11,382)	(24,547)
Realized intercompany profit	24,547	(7,913)
Changes in assets and liabilities:		
Notes receivable	29,268	38,351
Accounts receivable	(224,187)	218,503
Other receivables	54,831	116,570
Inventories	(489,451)	(750,122)
Prepayments	145,591	56,391
Other current assets	(305)	(3,763)
Contract liabilities	(307,433)	(188,352)
Accounts payable	356,105	(726)
Other payable	(39,357)	(54,110)
Advanced receipts	(363)	(1,343)
Other current liabilities, others	(344)	2,697
Net defined benefit liability	(18,163)	(17,616)
Cash inflow generated from operations	(74,676)	503,249
Interests received	1,624	2,594
Dividends received	7,493	21,998
Interests paid	(268,712)	(241,258)
Income tax paid	(67,908)	(5,485)
Net cash flows (used in) provided by operating activities	(402,179)	281,098
Cash flows from investing activities:		
Acquisition of investments accounted for using the equity method	-	(1,434,796)
Disposal of subsidiaries	-	18,172
Acquisition of property, plant and equipment, excluding capitalized borrowing costs	(1,528,626)	(1,136,432)
Capitalized borrowing costs from self-constructed assets	(18,966)	(12,388)
Proceeds from disposal of property, plant and equipment	5,662	13,569
Increase in refundable deposits	4,324	(2,274)
Acquisition of intangible assets	(799)	(3,276)
Net cash flows used in investing activities	(1,538,405)	(2,557,425)
Cash flows from financing activities:		
Increase in short-term loans	1,000,000	1,600,000
Decrease in short-term loans	(900,000)	-
Increase in short-term bills payable	16,400,000	11,250,000
Decrease in short-term bills payable	(15,950,000)	(10,150,000)
Proceeds from long-term loans	1,740,000	3,810,000
Repayments of long-term loans	(1,091,607)	(3,283,360)
Decrease in deposits-in	(32)	(12)
Increase in other payables to related parties	1,580,000	-
Payments of lease liabilities	(55,892)	-
Cash dividends paid	(859,026)	(1,453,967)
Net cash flows provided by financing activities	1,863,443	1,772,661
Net decrease in cash and cash equivalents	(77,141)	(503,666)
Cash and cash equivalents at the beginning of the year	584,331	1,087,997
Cash and cash equivalents at the end of the year	\$507,190	\$584,331

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

English Translation of Financial Statements Originally Issued in Chinese
TAIWAN GLASS INDUSTRIAL CORPORATION
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
For the Years Ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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 parent company only financial statements of the Company for the years ended December 31, 2019 and 2018 were authorized for issue by the Board of Directors on March 16, 2020.

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 Company 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, 2019. Apart from the impact of the standards and interpretations which is described below, all other standards and interpretations have no material impact on the Company’s financial position and performance.

(1) *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 Company followed the transition provision in IFRS 16 and the date of initial application was January 1, 2019. The impacts arising from the adoption of IFRS 16 are summarized as follows:

- A. Please refer to Note 4 for the accounting policies before or after January 1, 2019.
- B. For the definition of a lease, the Company elected not to reassess whether a contract was, or contained, a lease on January 1, 2019. The Company was 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. That is, for contracts entered into (or changed) on or after January 1, 2019, the Company need to assess whether contracts are, or contain, leases applying IFRS 16. In comparing to IAS 17, IFRS 16 provides that a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company assessed most of the contracts are, or contain, leases and no significant impact arose.
- C. The Company is a lessee and elects not to restate comparative information in accordance with the transition provision in IFRS 16. Instead, the Company recognized 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.

(a) Leases previously classified as operating leases

For leases that were previously classified as operating leases applying IAS 17, the Company measured and recognized 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 Company chose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- 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

On January 1, 2019, the Company's right-of-use asset increased by NT\$120,519 thousand, and lease liability increased by NT\$118,371 thousand. The difference is adjusted to retained earnings and investments accounted for using the equity method for NT\$2,148 thousand and NT\$(120) thousand, respectively; total influence is NT\$2,028 thousand.

In accordance with the transition provision in IFRS 16, the Company used the following practical expedients on a lease-by-lease basis to leases previously classified as operating leases:

- i. Apply a single discount rate to a portfolio of leases with reasonably similar characteristics.
- ii. Rely on its assessment of whether leases are onerous immediately before January 1, 2019 as an alternative to performing an impairment review.
- iii. Elect to account in the same way as short-term leases to leases for which the lease term ends within 12 months of January 1, 2019.
- iv. Exclude initial direct costs from the measurement of the right-of-use asset on January 1, 2019.
- v. Use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

(b) Please refer to Note 4 and Note 6 for additional disclosure of lessee and lessor which required by IFRS 16.

(c) As of January 1, 2019, the impacts arising from the adoption of IFRS 16 are summarized as follows:

- i. The weighted average lessee’s incremental borrowing rate applied to lease liabilities recognized in the balance sheet on January 1, 2019 was 1.617%.
- ii. The explanation for the difference of 20,373 thousand between: 1) operating lease commitments disclosed applying IAS 17 as of December 31, 2018, discounted using the incremental borrowing rate on January 1, 2019; and 2) lease liabilities recognized in the balance sheet as of January 1, 2019 is summarized as follows:

Operating lease commitments disclosed applying IAS 17 as of December 31, 2018	\$100,897
Discounted using the incremental borrowing rate on January 1, 2019	\$97,998
Add: Single immaterial operating lease commitments discounted using the incremental borrowing rate on January 1, 2019	20,373
The carrying value of lease liabilities recognized as of January 1, 2019	\$118,371

D. The Company is a lessor and has not made any adjustments. Please refer to Note 4 and Note 6 for the information relating to the lessor.

(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 Company 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	Definition of a Business - Amendments to IFRS 3	January 1, 2020
b	Definition of Material - Amendments to IAS 1 and 8	January 1, 2020
c	Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7	January 1, 2020

(a) 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.

(b) 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.

(c) Interest Rate Benchmark Reform - Amendments to IFRS 9, IAS 39 and IFRS 7

The amendments include a number of exceptions, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is directly affected if the interest rate benchmark reform gives rise to uncertainties about the timing and or amount of benchmark-based cash flows of the hedged item or the hedging instrument. Hence, the entity shall apply the exceptions to all hedging relationships directly affected by the interest rate benchmark reform.

The amendments include:

- i. highly probable requirement
When determining whether a forecast transaction is highly probable, an entity shall assume that the interest rate benchmark on which the hedged cash flows are based is not altered as a result of the interest rate benchmark reform.
- ii. prospective assessments
When performing prospective assessments, an entity shall assume that the interest rate benchmark on which the hedged item, hedged risk and/or hedging instrument are based is not altered as a result of the interest rate benchmark reform.
- iii. IAS 39 retrospective assessment
An entity is not required to undertake the IAS 39 retrospective assessment (i.e. the actual results of the hedge are within a range of 80–125%) for hedging relationships directly affected by the interest rate benchmark reform.
- iv. separately identifiable risk components
For hedges of a non-contractually specified benchmark component of interest rate risk, an entity shall apply the separately identifiable requirement only at the inception of such hedging relationships.

The amendments also include the end of application of the exceptions requirements and the related disclosures requirements of the amendments.

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, 2020. The abovementioned standards and interpretations have no material impact on the Company.

- (3) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (“IASB”) which are not endorsed by FSC, but not yet adopted by the Company 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 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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2022

- (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.

- (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:

- i. estimates of future cash flows;
- ii. 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
- iii. 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) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (1), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of significant accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2019 and 2018 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in NT dollars, which is also the Company's functional currency.

Transactions in foreign currencies are initially recorded by the Company at its 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* 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.

(4) Translation of financial statements in foreign currency

Each foreign operations of the Company determines its own functional currency and items included in the financial statements of each foreign operations are measured using that functional 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 Company: 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.

(5) Current and non-current distinction

An asset is classified as current when:

- A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;
- B. The Company holds the asset primarily for the purpose of trading; or
- C. The Company 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 Company expects to settle the liability in its normal operating cycle; or
- B. The Company holds the liability primarily for the purpose of trading; or
- C. The liability is due to be settled within twelve months after the reporting period; or
- D. The Company 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.

(6) 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).

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* 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 Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company 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 Company'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 Company 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 Company 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 Company 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 Company 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 Company 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.

B. Impairment of financial assets

The Company 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 balance sheet.

The Company 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 Company 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 Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- d. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company 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.

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 Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- c. The Company 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

Classification between liabilities or equity

The Company 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.

Equity instruments

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.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

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.

(8) 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 Company.

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 Company 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.

(9) 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:

- A. Raw materials – Purchase cost on a weighted average cost basis.
- B. 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.

(10) Investments accounted for using the equity method

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments in accordance with Article 21 of the Regulations. Such adjustments were made after the Company considered the different accounting treatments to account for its investments in subsidiaries in the consolidated financial statements under IFRS 10 “Consolidated and Separate Financial Statements” and the different IFRSs adopted from different reporting entity’s perspectives, and the Company recorded such adjustments by crediting or debiting to investments accounted for under the equity method, share of profit or loss of subsidiaries, associates and joint ventures and share of other comprehensive income of subsidiaries, associates and joint ventures.

The Company’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 Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

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

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company’s percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture in proportion.

When the Company subscribes for additional associate or a joint venture’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 Company’s proportionate interest in the associate or a joint venture. The Company 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 or a joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If there is any objective evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or a joint venture 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 Company uses the following measurements to determine the relevant value:

- A. The Company's right on the estimated future cash flow from its associate or a joint venture includes associate or a joint venture's cash flow from operation and the capital gain on the final settlement. Or
- B. The Company's expected present value of the dividend from the investment and the capital gain on the final settlement.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate or joint venture, the Company 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.

(11) 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 Company 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 method basis over the estimated economic lives of the following assets:

Buildings	5~55 years
Machinery and equipment	1~20 years
Transportation equipment	5~10 years
Office equipment	3~20 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.

(12) Leases

The accounting policy from January 1, 2019 as follows:

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

- A. the right to obtain substantially all of the economic benefits from use of the identified asset;
and
- B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- C. amounts expected to be payable by the lessee under residual value guarantees;
- D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
- E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

- A. the amount of the initial measurement of the lease liability;
- B. any lease payments made at or before the commencement date, less any lease incentives received;
- C. any initial direct costs incurred by the lessee; and
- D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

The accounting policy before January 1, 2019 as follows:

Company as a lessee

Finance leases which transfer to the Company 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 Company 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.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

(13) Impairment of non-financial assets

The Company 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 Company 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 Company 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.

(14) Revenue recognition

The Company'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 Company 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 Company is glass (flat glass, glass fiber, and glass container) 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. The Company 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 Company's sale of goods is from 5 to 255 days. For most of the contracts, when the Company 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 Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For other services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as advance receipts or temporary receipts.

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

(15) 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.

(16) Post-employment benefits

All regular employees of the Company 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. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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 Company 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.

(17) 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 on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Stockholders' meeting.

Deferred tax

Deferred 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 joint arrangements, 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 Company 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 Company's parent company only 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.

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 flow 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 Company 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 Company 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 increases.

E. Revenue recognition – sales returns and allowance

The Company 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 recognized will not occur. 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 Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries 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 Company'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,	
	2019	2018
Cash on hand	\$190	\$190
Checking and savings accounts	507,000	502,914
Equivalent cash	-	81,227
Total	<u>\$507,190</u>	<u>\$584,331</u>

(2) Notes receivable, net

	As of December 31,	
	2019	2018
Notes receivable arising from operating activities	\$138,109	\$167,377
Less: loss allowance	-	-
Total	<u>\$138,109</u>	<u>\$167,377</u>

Notes receivables were not pledged.

The Company assesses impairments according to IFRS 9 to assess the impairment. Please refer to Note 6.(17) for more details on loss allowance and Note 12 for details on credit risk.

(3) Accounts receivable and accounts receivable – related parties

	As of December 31,	
	2019	2018
Accounts receivable	\$1,149,091	\$1,070,118
Less: loss allowance	(60)	(145)
Subtotal	<u>1,149,031</u>	<u>1,069,973</u>
Accounts receivable from related parties	220,763	75,549
Less: loss allowance	-	-
Subtotal	<u>220,763</u>	<u>75,549</u>
Total	<u>\$1,369,794</u>	<u>\$1,145,522</u>

Accounts receivable were not pledged.

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

Trade receivables are generally on 5-255 day terms. The total carrying amount as of December 31, 2019 and 2018 are NT\$1,369,854 thousand and NT\$1,145,667 thousand, respectively. Please refer to Note 6.(17) for more details on loss allowance of trade receivables for the years ended December 31, 2019 and 2018. Please refer to Note 12 for more details on credit risk management.

(4) Other receivables, net

	As of December 31,	
	2019	2018
Other receivables	\$150,155	\$204,986
Less: loss allowance	-	-
Total	<u>\$150,155</u>	<u>\$204,986</u>

Please refer to Note 6.(17) for more details on loss allowance of trade receivables for the years ended December 31, 2019 and 2018. Please refer to Note 12 for more details on credit risk management.

(5) Inventories, net

	As of December 31,	
	2019	2018
Raw materials	\$629,008	\$619,754
Supplies	43,062	46,509
Work in progress	192,231	171,877
Finished goods	2,768,797	2,305,507
Total	<u>\$3,633,098</u>	<u>\$3,143,647</u>

The cost of inventories recognized in expenses amounted to NT\$10,695,337 thousand and NT\$10,811,575 thousand for the years ended December 31, 2019 and 2018, respectively, including:

	For the years ended December 31	
	2019	2018
Losses for market price decline of inventories	\$161,327	\$158,793
Losses on physical inventory	-	13
Loss on work stoppage	29,995	70,004
Revenue from sale of scraps	(72,787)	(85,380)
Additions (less) to operating costs	<u>\$118,535</u>	<u>\$143,430</u>

No inventories were pledged.

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

	As of December 31,	
	2019	2018
Debt instrument investments measured at fair value through other comprehensive income – non-current:		
Listed companies stocks	\$210,970	\$210,750
Unlisted companies stocks	46,697	52,582
Total	<u>\$257,667</u>	<u>\$263,332</u>

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

(7) Investments accounted for using the equity method

Investees	As of December 31,			
	2019		2018	
	Carrying amount	Percentage of Ownership	Carrying amount	Percentage of Ownership
Taiwan Glass USA Sales Corp.	\$391,684	100.00%	\$370,351	100.00%
Taiwan Glass China Holding Ltd.	39,480,570	93.98%	41,520,343	93.98%
Taiwan Autoglass Ind. Corp.	184,431	87.00%	256,946	87.00%
TG Teco Vacuum Insulated Glass Corp.	164,673	65.00%	193,352	65.00%
Hario TG Glass Corp.	(Note)		(Note)	
Total	<u>\$40,221,358</u>		<u>\$42,340,992</u>	

Note: The subsidiary has been liquidated in May 2018.

The Company accounted for its investments in subsidiaries using equity method and made necessary adjustments on the parent company only financial statements.

No investment accounted for using the equity method was pledged.

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As of January 1, 2018	\$3,796,048	\$8,308,321	\$21,704,982	\$259,203	\$380,467	\$421,578	\$34,870,599
Additions	-	15,077	77,551	3,899	8,799	557,386	662,712
Disposals	-	-	(247,373)	(1,894)	(9,696)	-	(258,963)
Transfers	-	27,553	509,239	920	-	(537,712)	-
Other changes	-	-	4,597	7,056	-	471,215	482,868
As of December 31, 2018	3,796,048	8,350,951	22,048,996	269,184	379,570	912,467	35,757,216
Additions	-	21,268	72,645	77	8,499	725,449	827,938
Disposals	-	-	(125,706)	(22,712)	(5,805)	-	(154,223)
Transfers	-	75,594	1,213,092	2,856	-	(1,291,542)	-
Other changes	-	-	5,641	22,750	-	851,324	879,715
As of December 31, 2019	\$3,796,048	\$8,447,813	\$23,214,668	\$272,155	\$382,264	\$1,197,698	\$37,310,646
Depreciation and impairment:							
As of January 1, 2018	\$-	\$5,377,802	\$13,898,705	\$233,689	\$231,323	\$-	\$19,741,519
Depreciation	-	284,803	865,343	9,758	28,324	-	1,188,228
Disposals	-	-	(233,207)	(1,874)	(9,696)	-	(244,777)
Transfers	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
As of December 31, 2018	-	5,662,605	14,530,841	241,573	249,951	-	20,684,970
Depreciation	-	232,749	886,880	10,718	26,838	-	1,157,185
Disposals	-	-	(122,629)	(22,712)	(5,805)	-	(151,146)
Transfers	-	-	-	-	-	-	-
Other changes	-	-	-	-	-	-	-
As of December 31, 2019	\$-	\$5,895,354	\$15,295,092	\$229,579	\$270,984	\$-	\$21,691,009
Net carrying amount as of:							
December 31, 2019	\$3,796,048	\$2,552,459	\$7,919,576	\$42,576	\$111,280	\$1,197,698	\$15,619,637
December 31, 2018	\$3,796,048	\$2,688,346	\$7,518,155	\$27,611	\$129,619	\$912,467	\$15,072,246

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

Item	For the years ended December 31,	
	2019	2018
Construction in progress	\$18,966	\$12,388
Capitalization rate of borrowing costs	1.425%~1.637%	1.529%~1.748%

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

No property, plant and equipment was pledged.

(9) Right-of-use assets

	Land	Buildings	Machinery and equipment	Other equipment	Total
Cost:					
As of January 1, 2019	\$119,932	\$21,127	\$15,226	\$27,020	\$183,305
Additions	2,756	4,347	15,251	23,697	46,051
Disposals	-	(9,575)	(15,226)	(14,679)	(39,480)
Transfers	-	-	-	-	-
Other changes	-	-	-	-	-
As of December 31, 2019	<u>\$122,688</u>	<u>\$15,899</u>	<u>\$15,251</u>	<u>\$36,038</u>	<u>\$189,876</u>
Depreciation and impairment:					
As of January 1, 2019	\$23,987	\$7,704	\$13,957	\$17,138	\$62,786
Depreciation	24,537	4,579	15,249	9,058	53,423
Disposals	-	(1,882)	(15,226)	(14,608)	(31,716)
Transfers	-	-	-	-	-
Other changes	-	-	-	-	-
As of December 31, 2019	<u>\$48,524</u>	<u>\$10,401</u>	<u>\$13,980</u>	<u>\$11,588</u>	<u>\$84,493</u>
Net carrying amount as of:					
December 31, 2019	<u>\$74,164</u>	<u>\$5,498</u>	<u>\$1,271</u>	<u>\$24,450</u>	<u>\$105,383</u>
December 31, 2018(Note)					

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(10) Other non-current assets

	As of December 31,	
	2019	2018
Investment property	\$17,926	\$17,938
Advance payments in equipment	18,056	-
Intangible assets	5,327	8,786
Overdue receivables	772,210	772,210
Less: loss allowance	(772,210)	(772,210)
Overdue receivables, net	-	-
Refundable deposits	7,193	11,517
Net	<u>\$48,502</u>	<u>\$38,241</u>

No investment property was pledged.

Investment properties held by the Company 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\$173,677 thousand and NT\$172,543 thousand, as of December 31, 2019 and 2018, 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,	
	2019	2018
Income capitalization rate	1.42%~2.24%	1.42%~2.24%

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

	For the years ended December 31,	
	2019	2018
Operating costs	\$428	\$428
General and administrative expense	3,830	2,963
Total	\$4,258	\$3,391

(11) Short-term loans

	As of December 31,	
	2019	2018
Unsecured bank loans	\$2,000,000	\$1,900,000
Unsecured interest rates	0.9%~1.31%	1%~1.34%

The Company's unused short-term lines of credits amounted to NT\$750,000 thousand and NT\$300,000 thousand as of December 31, 2019 and 2018, respectively.

(12) Short-term bills payable

	As of December 31,	
	2019	2018
Short-term bills payable	\$3,750,000	\$3,300,000
Less: unamortized discount	(8,994)	(4,430)
Net	\$3,741,006	\$3,295,570
Interest rates	1.388%~1.568%	1.388%~1.400%

(13) Long-term loans

Details of long-term loans as of December 31, 2019 and 2018 are as follows:

Lenders	Terms	Credit Line	Interest Rate	As of December 31,		Redemption
				2019	2018	
Chang-Hwa Bank	2015.09.01- 2020.09.01	NTD1,200,000	Floating interest rate	\$200,000	\$400,000	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	"	1,800,000	2,400,000	Repayable semiannually from June 23, 2018.
King's Town Bank	2016.03.30- 2023.03.30	NTD1,100,000	"	700,000	900,000	Repayable semiannually from March 30, 2018
COTA Commercial Bank	2016.09.05- 2019.09.05	NTD100,000	"	-	24,940	12 quarter installments of principal and interest from December 5, 2016
O-Bank	2016.12.06- 2019.12.06	NTD1,000,000	"	-	1,000,000	Principal repaid at maturity
KGI Bank	2017.01.05- 2019.01.05	NTD300,000	"	-	\$260,000	Principal repaid at maturity
Hua-Nan Bank	2017.05.26- 2019.05.26	NTD1,000,000	"	-	1,000,000	Principal repaid at maturity
Union Bank of Taiwan	2017.09.07- 2019.03.07	NTD600,000	"	-	600,000	Principal repaid at maturity
Far Eastern International Bank	2017.12.07- 2019.12.07	NTD500,000	"	-	500,000	Principal repaid at maturity
Bank of Kaohsiung	2017.12.14- 2019.12.14	NTD300,000	"	-	300,000	Principal repaid at maturity
Bank of PanShin	2017.12.14- 2019.12.14	NTD200,000	"	-	200,000	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	Principal repaid at maturity
Taiwan Cooperative Bank	2018.06.25- 2021.06.25	NTD500,000	"	500,000	500,000	12 equal installments of principal and interest from July 25, 2020.
Shin Kong Commercial Bank	2018.06.06- 2020.08.06	NTD300,000	"	300,000	300,000	Principal repaid at maturity
The Export-Import Bank	2018.08.01-	NTD600,000	"	533,333	600,000	9 equal installments of

Lenders	Terms	Credit Line	Interest Rate	As of December 31,		Redemption
				2019	2018	
of the Republic of China	2023.08.01					the principal made every 6 months from August 1, 2019.
EnTie Commercial Bank	2018.08.20- 2020.08.20	NTD500,000	"	500,000	500,000	Principal repaid at maturity
Shanghai Commercial & Savings Bank	2018.09.05- 2021.09.05	NTD200,000	"	200,000	200,000	Principal repaid at maturity
Taiwan Business Bank	2018.10.18- 2025.10.18	NTD1,000,000	"	1,000,000	\$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	500,000	4 equal installments of the principal made every 6 months from June 21, 2020.
KGI Bank	2019.01.04- 2021.01.04	NTD300,000	"	300,000	-	Principal repaid at maturity
Bank of China Limited	2019.02.01- 2021.01.31	NTD400,000	"	400,000	-	Principal repaid at maturity
Union Bank of Taiwan	2019.03.07- 2020.09.07	NTD600,000	"	600,000	-	Principal repaid at maturity
Bank SinoPac	2019.03.28- 2021.03.27	NTD500,000	"	500,000	-	Principal repaid at maturity
Hua-Nan Bank	2019.05.27- 2021.05.27	NTD1,000,000	"	1,000,000	-	Principal repaid at maturity
Mega Bank	2019.06.20- 2022.06.20	NTD300,000	"	300,000	-	The 12-month period following the drawdown is the first installment, and each of the three following months is deemed one installment. The credit limit is reduced by 30%, 30%, and 40%.
JihSun Bank	2019.08.09 2020.06.27	NTD300,000	"	300,000	-	6 equal installments of the principal made every month from January 1, 2020.
O-Bank	2019.11.15- 2022.11.15	NTD1,000,000	"	1,000,000	-	Principal repaid at maturity
Far Eastern International	2019.12.06-	NTD500,000	"	500,000	-	Principal repaid at

Lenders	Terms	Credit Line	Interest Rate	As of December 31,		Redemption
				2019	2018	
Bank	2021.12.06					maturity
Bank of Kaohsiung	2019.12.13- 2021.12.13	NTD300,000	"	300,000	-	Principal repaid at maturity
Bank of PanShin	2019.12.16- 2021.12.16	NTD200,000	"	200,000	-	Principal repaid at maturity
Subtotal				12,133,333	11,484,940	
Less: current portion of long-term loans				(4,014,242)	(5,251,607)	
Total				<u>\$8,119,091</u>	<u>\$6,233,333</u>	

As of December 31, 2019 and 2018, part of long-term loans contained covenants that required the Company to maintain certain financial ratios such as (1) the current ratio, (2) the ratio of the total liabilities to the net tangible assets, (3) the ratio of EBITDA to interest expense and (4) the tangible assets net worth amount.

(14) Post-employment benefits

Defined contribution plan

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

Pension expenses under the defined contribution plan for the years ended December 31, 2019 and 2018 were NT\$98,264 thousand and NT\$94,371 thousand, respectively.

Defined benefits plan

The Company adopts 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 contributes 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 assesses 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 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 Company 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 Company expects to contribute NT\$54,233 thousand to its defined benefit plan during the 12 months beginning after December 31, 2019.

Apart from the above-mentioned pension funds, the Company has another fund managed by the pension fund management committee, and the plan is categorized as follows:

	<u>As of December 31,</u>	
	<u>2019</u>	<u>2018</u>
Investments with quoted prices in an active market		
Equity instruments – domestic	92%	96%
Debt instruments – domestic	8%	4%
Other	0%	0%

The durations of the defined benefits plan obligation as of December 31, 2019 and 2018 are 5 and 6 years, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2019 and 2018:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current period service costs	\$35,036	\$39,054
Interest income or expense	3,223	284
Past service cost	-	-
Payments from the plan	-	-
Total	<u>\$38,259</u>	<u>\$39,338</u>

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

	<u>As of</u>		
	<u>December 31,</u> <u>2019</u>	<u>December 31,</u> <u>2018</u>	<u>January 1,</u> <u>2018</u>
Defined benefit obligation at January 1	\$2,027,676	\$2,120,550	\$2,084,920
Plan assets at fair value	(1,568,604)	(1,707,285)	(2,044,343)
Other non-current liabilities - Accrued pension liabilities recognized on the balance sheets	<u>\$459,072</u>	<u>\$413,265</u>	<u>\$40,577</u>

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, 2018	\$2,084,920	\$2,044,343	\$40,577
Current period service costs	39,054	-	39,054
Net interest expense (income)	14,594	14,310	284
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	2,138,568	2,058,653	79,915
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(946)	-	(946)
Actuarial gains and losses arising from changes in financial assumptions	(4,778)	-	(4,778)
Experience adjustments	77,904	-	77,904
Return on plan assets	-	(318,124)	318,124
Subtotal	72,180	(318,124)	390,304
Payments from the plan	(90,198)	(90,198)	-
Contributions by employer	-	56,954	(56,954)
Effect of changes in foreign exchange rates	-	-	-
As of December 31, 2018	2,120,550	1,707,285	413,265
Current period service costs	35,036	-	35,036
Net interest expense (income)	16,540	13,317	3,223
Past service cost and gains and losses arising from settlements	-	-	-
Subtotal	2,172,126	1,720,602	451,524
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	399	-	399
Actuarial gains and losses arising from changes in financial assumptions	4,131	-	4,131
Experience adjustments	29,302	-	29,302
Return on plan assets	-	(30,138)	30,138
Subtotal	33,832	(30,138)	63,970
Payments from the plan	(178,282)	(178,282)	-
Contributions by employer	-	56,422	(56,422)
Effect of changes in foreign exchange rates	-	-	-
As of December 31, 2019	\$2,027,676	\$1,568,604	\$459,072

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

	As of December 31,	
	2019	2018
Discount rate	0.66%	0.78%
Expected rate of salary increases	1.00%	1.00%

A sensitivity analysis for significant assumption as of December 31, 2019 and 2018 is as shown below:

	Effect on the defined benefit obligation			
	2019		2018	
	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%	\$-	\$16,484	\$-	\$27,753
Discount rate decrease by 0.5%	119,720	-	98,820	-
Future salary increase by 0.5%	118,430	-	97,637	-
Future salary decrease by 0.5%	-	16,508	-	27,826

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.

(15) Equities

A. Common stock

The Company's authorized capital were both NT\$30,000,000 thousand as of December 31, 2019 and 2018. The Company's issued capital were both NT\$29,080,608 thousand as of December 31, 2019 and 2018, each at a par value of NT\$10. The Company has issued both 2,908,061 thousand common shares as of December 31, 2019 and 2018. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of December 31,	
	2019	2018
Additional paid-in capital	\$1,540,300	\$1,540,300
Increase through changes in ownership interests in subsidiaries	258,091	258,091
Expired employee stock warrants	23,661	23,661
Gains on disposal of assets	103,166	103,166
Total	<u>\$1,925,218</u>	<u>\$1,925,218</u>

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 are 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.

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 shareholders' 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 shareholders' 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 shareholders' equity. For any subsequent reversal of other net deductions from shareholders' 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, 2019 and 2018, respectively. The Company did not reverse special reserve to retained earnings for using, disposing of or reclassifying relevant assets in 2019 and 2018.

Details of the 2019 and 2018 earnings distribution and dividends per share as approved by Board of Directors' meeting on March 16, 2020 and by the stockholders' meeting on June 19, 2019, respectively, are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Legal reserve	\$-	\$106,629	\$-	\$-
Common stock -cash dividend	-	872,418	-	0.3
Common stock-stock dividend	-	-	-	-

Please refer to Note 6. (20) for further details on employees' compensation and remuneration to directors.

(16) Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Sale of goods	<u>\$11,702,108</u>	<u>\$12,561,584</u>

Analysis of revenue from contracts with customers during the periods ended December 31, 2019 and 2018 are as follows:

A. Disaggregation of revenue

	<u>Flat glass</u>	<u>Container</u>	<u>Fiber glass</u>	<u>Other</u>	<u>Total</u>
2019 Sale of goods	<u>\$3,883,966</u>	<u>\$3,453,165</u>	<u>\$4,213,911</u>	<u>\$151,066</u>	<u>\$11,702,108</u>
2018 Sale of goods	<u>\$4,038,056</u>	<u>\$3,467,797</u>	<u>\$4,890,268</u>	<u>\$165,463</u>	<u>\$12,561,584</u>

The timing of revenue recognition was at a point in time.

B. Contract balances

Contract liabilities - current

	<u>December 31,</u>	<u>December 31,</u>	<u>January 1,</u>
	<u>2019</u>	<u>2018</u>	<u>2018</u>
Sales of goods	<u>\$415,347</u>	<u>\$722,780</u>	<u>\$911,132</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2019 and 2018 are as follows:

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
The opening balance transferred to revenue	\$722,780	\$911,132
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	415,347	722,780

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

(17) Expected credit losses/ (gains)

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Operating expenses – Expected credit losses/(gains)		
Accounts receivables	<u>\$85</u>	<u>\$292</u>

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

The Company measures the loss allowance of its contract assets and accounts receivables (including note receivables, accounts receivables, other receivables and overdue receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as of December 31, 2019 and 2018 is as follows:

The Company 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:

As of December 31, 2019

Group 1	Overdue				Total
	Not yet due	31-90 days	91-365 days	>=366 days	
Total carrying amount	\$-	\$-	\$-	\$772,210	\$772,210
Loss ratio	0%	0%	0%	100%	
Lifetime expected credit losses	-	-	-	(772,210)	(772,210)
Subtotal	-	-	-	-	-
 Group 2	 Overdue				
	Not yet due	31-90 days	91-365 days	>=366 days	Total
Total carrying amount	\$1,143,063	\$6,028	\$-	\$-	\$1,149,091
Loss ratio	0%	1%	0%	0%	
Lifetime expected credit losses	-	(60)	-	-	(60)
Subtotal	1,143,063	5,968	-	-	1,149,031
 Group 3	 Overdue				
	Not yet due	31-90 days	91-365 days	>=366 days	Total
Total carrying amount	\$509,027	\$-	\$-	\$-	\$509,027
Loss ratio	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-
Subtotal	509,027	-	-	-	509,027
Carrying amount					<u>\$1,658,058</u>

As of December 31, 2018

Group 1	Overdue				Total
	Not yet due	31-90 days	91-365 days	>=366 days	
Total carrying amount	\$-	\$-	\$-	\$772,210	\$772,210
Loss ratio	0%	0%	0%	100%	
Lifetime expected credit losses	-	-	-	(772,210)	(772,210)
Subtotal	-	-	-	-	-
Group 2	Overdue				Total
	Not yet due	31-90 days	91-365 days	>=366 days	
Total carrying amount	\$1,055,590	\$14,528	\$-	\$-	\$1,070,118
Loss ratio	0%	1%	0%	0%	
Lifetime expected credit losses	-	(145)	-	-	(145)
Subtotal	1,055,590	14,383	-	-	1,069,973
Group 3	Overdue				Total
	Not yet due	31-90 days	91-365 days	>=366 days	
Total carrying amount	\$447,912	\$-	\$-	\$-	\$447,912
Loss ratio	0%	0%	0%	0%	
Lifetime expected credit losses	-	-	-	-	-
Subtotal	447,912	-	-	-	447,912
Carrying amount					<u>\$1,517,885</u>

Group 1: The Company has exercised recourse against the individual assessment of accounts receivables, other receivables and overdue receivables.

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

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

The movement in the provision for impairment of note receivables, accounts receivables, other receivables and overdue receivables during 2019 and 2018 was as follows:

	Notes receivables	Accounts receivables	Other receivables	Overdue receivables
As of January 1, 2019	\$-	\$145	\$-	\$772,210
Reversal for the current period	-	(85)	-	-
Write off	-	-	-	-
As of December 31, 2019	\$-	\$60	\$-	\$772,210
As of January 1, 2018	\$-	\$437	\$-	\$793,103
Reversal for the current period	-	(292)	-	-
Write off	-	-	-	(20,893)
As of December 31, 2018	\$-	\$145	\$-	\$772,210

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

	For the years ended December 31,	
	2019	2018
Gains on disposal of property, plant, and equipment	\$2,957	\$25,417

(19) Leases

A. Company as a lessee (applicable to the disclosure requirement under IFRS 16)

The Company 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 Company by entering into these leases.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

1. Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As at December 31,	
	2019	2018 (Note)
Land	\$74,164	
Buildings	5,498	
Machinery and equipment	1,271	
Other equipment	24,450	
Total	\$105,383	

Note: The Company adopted IFRS 16 since 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

During the years period ended December 31, 2019, the Company's additions to right-of-use assets amounting to NT\$46,051 thousand.

ii. Lease liabilities

	As at December 31,	
	2019	2018 (Note)
Current	\$37,051	
Non-current	65,302	
Lease liabilities	<u>\$102,353</u>	

Please refer to Note 6.(21)(c) for the interest on lease liabilities recognized during the years ended December 31, 2019 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2019.

Note: The Company adopted IFRS 16 since 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

2. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2019	2018 (Note)
Land	\$24,537	
Buildings	4,579	
Machinery and equipment	15,249	
Other equipment	9,058	
Total	<u>\$53,423</u>	

Note: The Company adopted IFRS 16 since 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

3. Income and costs relating to leasing activities

	For the years ended December 31,	
	2019	2018 (Note)
The expenses relating to short-term leases	\$9,227	
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	2,834	

Note: The Company adopted IFRS 16 since 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

4. Cash outflow relating to leasing activities

During the year period ended 31 December 2019, the Company's total cash outflows for leases amounting to NT\$67,953 thousand.

B. Operating lease commitments - Company as a lessee (applicable to the disclosure requirement in IAS 17)

The Company 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 Company by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of December 31, 2019 and 2018 were as follows:

	As of December 31,	
	2019(Note)	2018
Not later than one year		\$26,611
Later than one year and not later than five years		74,286
Total		<u>\$100,897</u>

Operating lease expenses recognized were as follows:

	For the years ended December 31,	
	2019(Note)	2018
Minimum lease payments		<u>\$38,888</u>

Note: The Company adopted IFRS 16 since 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

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

	For the years ended December 31,					
	2019			2018		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$2,264,587	\$324,345	\$2,588,932	\$2,325,641	\$349,436	\$2,675,077
Labor and health insurance	266,850	17,676	284,526	258,169	17,150	275,319
Pension	101,131	35,392	136,523	99,871	33,838	133,709
Directors' remuneration	-	7,922	7,922	-	25,199	25,199
Other employee benefits expense	93,364	13,339	106,703	93,828	14,360	108,188
Depreciation(Note)	1,176,973	33,647	1,210,620	1,163,360	24,869	1,188,429
Amortization	428	3,830	4,258	428	2,963	3,391

The number of employees as of December 31, 2019 and 2018 was 4,669 and 4,729, including 7 non-employee directors, respectively.

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 did not estimate the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2019. As such, employees' compensation and remuneration to directors for the year ended December 31, 2018 amounted to both NT\$17,194 thousand, recognized as salaries expense.

A resolution was approved at the board meeting held on March 18, 2019 to distribute NT\$17,194 thousand in cash as employees' compensation and remuneration to directors of 2018. 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, 2018.

For the year ended December 31, 2019 and 2018, the average employee benefits expense amounted to NT\$669 thousand and NT\$676 thousand; the average salaries amounted to NT\$555 thousand and NT\$567 thousand. The adjustment of the average salaries is (1.97)%.

(21) Non-operating income and expenses

A. Other income

	For the years ended December 31,	
	2019	2018
Interest income		
Financial assets measured at amortized cost	\$1,624	\$2,594
Rental income	32,931	37,229
Dividend income	7,493	13,998
Others	182,325	172,445
Total	<u>\$224,373</u>	<u>\$226,266</u>

B. Other gains and losses

	For the years ended December 31,	
	2019	2018
Foreign exchange (losses) gains, net	\$(21,159)	\$57,321
Loss on disposal of investment	-	(86)
Others	(77,749)	(71,345)
Total	<u>\$(98,908)</u>	<u>\$(14,110)</u>

C. Finance costs

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Interest on borrowings from bank	\$260,574	\$237,236
Interest on borrowings from intercompany	5,014	-
Interest on lease liabilities	1,610	(Note)
Interest on factoring of accounts receivable	3,077	3,971
Total	<u>\$270,275</u>	<u>\$241,207</u>

Note: The Company adopted IFRS 16 since 1 January 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(22) Components of other comprehensive income

Year ended December 31, 2019

	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	\$(63,970)	\$-	\$(63,970)	\$12,794	\$(51,176)
Unrealized losses from equity instruments investments measured at fair value through other comprehensive income	(5,665)	-	(5,665)	-	(5,665)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(701)	-	(701)	-	(701)
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(1,705,017)	-	(1,705,017)	-	(1,705,017)
Total	<u>\$(1,775,353)</u>	<u>\$-</u>	<u>\$(1,775,353)</u>	<u>\$12,794</u>	<u>\$(1,762,559)</u>

For the 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	\$(390,304)	-	\$(390,304)	\$101,650	\$(288,654)
Unrealized losses from equity instruments investments measured at fair value through other comprehensive income	(900)	-	(900)	-	(900)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(3,358)	-	(3,358)	-	(3,358)
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	(932,623)	-	(932,623)	-	(932,623)
Total	<u>\$(1,327,185)</u>	<u>\$-</u>	<u>\$(1,327,185)</u>	<u>\$101,650</u>	<u>\$(1,225,535)</u>

(23) 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 (benefit) recognized in profit or loss

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Current income tax expense (benefit):		
Current income tax charge	\$11,094	\$68,866
Adjustments in respect of current income tax of prior periods	-	1,662
Deferred tax expense (benefit):		
Deferred tax expense (benefit) relating to origination and reversal of temporary differences	(30,651)	(25,852)
Deferred income tax related to changes in tax rates	-	937
Total income tax (benefit) expense	<u>\$(19,557)</u>	<u>\$45,613</u>

Income tax relating to components of other comprehensive income

	<u>For the years ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Deferred tax benefit:		
Deferred income tax related to changes in tax rates	\$-	\$(23,589)
Remeasurements of defined benefit plans	(12,794)	(78,061)
Total	<u>\$(12,794)</u>	<u>\$(101,650)</u>

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

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Accounting profit before tax from continuing operations	<u>\$(1,468,007)</u>	<u>\$1,111,899</u>
Tax at the domestic rates applicable to profits in the country concerned	(293,601)	222,380
Net investment income accounted for using the equity method	80,196	(276,696)
Tax effect of revenues exempt from taxation	(1,474)	(2,728)
Tax effect of expenses not deductible for tax purposes	12,439	2,434
Non-deductible offshore tax	11,094	5,242
Corporate income surtax on undistributed retained earnings	-	63,624
Tax effect of deferred tax assets/liabilities	171,789	28,758
Adjustments in respect of current income tax of prior periods	-	1,662
Deferred income tax related to changes in tax rates	-	937
Total income tax expense recognized in profit or loss	<u>\$(19,557)</u>	<u>\$45,613</u>

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2019

	Beginning balance as of January 1, 2019	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31, 2019
Temporary differences				
Depreciation difference for tax purpose	\$(67,760)	\$1,682	\$-	\$(66,078)
Prepaid pension cost difference	82,653	(3,632)	12,794	91,815
Employee benefits	4,211	(2,120)	-	2,091
Unrealized loss due to market price decline of inventories	230,052	32,266	-	262,318
Capitalization of interest	4,318	(1,201)	-	3,117
Provisions of employee benefit obligations	22,038	795	-	22,833
Unrealized gain on foreign exchange	(22,242)	4,294	-	(17,948)
Others	1,656	(1,433)	-	223
Land value increment tax	(204,145)	-	-	(204,145)
Deferred tax (expense)/income		<u>\$30,651</u>	<u>\$12,794</u>	
Net deferred tax assets/(liabilities)	<u>\$50,781</u>			<u>\$94,226</u>
Reflected in balance sheet as follows:				
Deferred tax assets				
Deferred tax liabilities	<u>\$344,928</u>			<u>\$382,396</u>
	<u>\$(294,147)</u>			<u>\$(288,170)</u>

For the year ended December 31, 2018

	Beginning balance as of January 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance as of December 31, 2018
Temporary differences				
Depreciation difference for tax purpose	\$(60,627)	\$(7,133)	\$-	\$(67,760)
Loss allowance	929	(929)	-	-
Prepaid pension cost difference	6,898	(25,895)	101,650	82,653
Employee benefits	5,381	(1,170)	-	4,211
Unrealized loss due to market price decline of inventories	168,549	61,503	-	230,052
Capitalization of interest	4,691	(373)	-	4,318
Provisions of employee benefit obligations	16,591	5,447	-	22,038
Unrealized gain on foreign exchange	(15,881)	(6,361)	-	(22,242)
Others	1,830	(174)	-	1,656
Land value increment tax	(204,145)	-	-	(204,145)
Deferred tax (expense)/income		<u>\$24,915</u>	<u>\$101,650</u>	
Net deferred tax assets/(liabilities)	<u>\$(75,784)</u>			<u>\$50,781</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$204,869</u>			<u>\$344,928</u>
Deferred tax liabilities	<u>\$(280,653)</u>			<u>\$(294,147)</u>

Unrecognized deferred tax assets

As of December 31, 2019 and 2018, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amount to NT\$491,648 thousand and NT\$252,621 thousand, respectively.

Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as The Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As of December 31, 2019 and 2018, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liability has not been recognized, aggregated to NT\$3,255,307 thousand and NT\$2,341,393 thousand, respectively.

The assessment of income tax returns

As of December 31, 2019, the assessment of the income tax returns of the Company is to 2017.

(24) Earnings per share

Basic earnings per share amounts are calculated by dividing net (loss) 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 (loss) 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.

	<u>For the years ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u><u>\$(1,448,450)</u></u>	<u><u>\$1,066,286</u></u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u><u>2,908,061</u></u>	<u><u>2,908,061</u></u>
Basic earnings per share (NT\$)	<u><u>\$(0.50)</u></u>	<u><u>\$0.37</u></u>

	<u>For the years ended December 31,</u>	
	<u>2019(Note)</u>	<u>2018</u>
Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)		<u>\$1,066,286</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)		2,908,061
Effect of dilution:		
Employees' compensation		<u>1,333</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)		<u>2,909,394</u>
Diluted earnings per share (NT\$)		<u>\$0.37</u>

Note : There were not potential ordinary shares as of year ended December 31, 2019, hence not necessary to calculate diluted earnings per share.

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.

(25) Changes in parent's interest in subsidiaries

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

During the years ended December 31, 2018, the Company paid additional cash to acquire TGCH's new shares issued in the amount of UD\$46,782 thousand (NT\$1,434,797 thousand), and consequently the ownership interest in TGCH was increased to 93.98%. The difference between the cash paid and the decrease in the non-controlling interests was NT\$221 thousand, and was recognized in equity.

7. Related party transactions

The significant transactions for 2019 and 2018 are summarized below:

Name and relationship of related parties

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Taiwan Autoglass Ind. Corp. (TAG)	Subsidiaries
TG Teco Vacuum Insulated Glass Corp. (TVIG)	//
Hario TG Glass Corp. (HTG) (Note)	//
Taiwan Glass USA Sales Corp. (TGUS)	//
Taiwan Glass China Holding Ltd. (TGCH)	//
TG Qingdao Glass Co., Ltd. (QFG)	//
TG Changjiang Glass Co., Ltd. (CFG)	//
TG Donghai Glass Co., Ltd. (DHG)	//
TG Chengdu Glass Co., Ltd. (CDG)	//
TG Huanan Glass Co., Ltd. (HNG)	//

Name of related parties	Relationship with the Company
TG Tianjin Glass Co., Ltd. (TJG)	Subsidiaries
TG Fujian Photovoltaic Glass Co., Ltd. (FPG)	"
Taichia Glass Fiber Co., Ltd. (TGF)	"
TG Fengyang Silica Sand Co., Ltd. (FYSS)	"
TG Xianyang Glass Co., Ltd. (TXY)	"
TG Taicang Architectural Glass Co., Ltd. (TTAR)	"
TG Yueda Autoglass Co., Ltd. (TYAU)	"
TG Anhui Glass Co., Ltd. (TAH)	"
TG Wuhan Architectural Glass Co., Ltd. (TWAR)	"
TG Yueda Solar Glass Co., Ltd. (TYSM)	"
Taichia Chengdu Glass Fiber Co., Ltd. (TCD)	"
Taichia Bengbu Glass Fiber Co., Ltd. (TBF)	"
Shihlien Chemical Industrial (Jiangsu) Co., Ltd. (SCJ)	Associate
Tai Fong Investment Co., Ltd.	Other related parties
Tai Cheng Investment Co., Ltd.	"
Tai Yu Investment Co., Ltd.	"
HO-HO Investment Co., Ltd.	"
Tai Fong Golf Club	"
Shihlien International Investment Co., Ltd.	"
Shihlien Fine Chemical Co., Ltd.	"
TECO Nanotech Co., Ltd.	"
TECO Electric & Machinery Co., Ltd.	"
Information Technology Total Services Corp.	"
Xue Xue Institute	"
Xue Xue Foundation	"
Tes Solutions Co., Ltd.	"
Kah Hung Corp.	"
HARIO Co., Ltd. (Note)	"

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

Significant transactions with related parties

(1) Sales

	For the years ended December 31,	
	2019	2018
Subsidiaries	\$686,365	\$635,003
Associate	83	-
Other related parties	6,106	2,010
Total	<u>\$692,554</u>	<u>\$637,013</u>

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, 2019 and 2018 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,	
	2019	2018
Subsidiaries	\$33,551	\$94,830
Associate	6,790	7,074
Other related parties	395	304
Total	<u>\$40,736</u>	<u>\$102,208</u>

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) Lease

Rental expense

	For the years ended December 31,	
	2019	2018(Note)
Subsidiaries	\$-	\$15,360
Other related parties	134	25,575
Total	<u>\$134</u>	<u>\$40,935</u>

The Company has leased offices and land for the year ended December 31, 2019.

The Company has leased offices, plant, warehouse land and equipments for the year ended December 31, 2018. The rents were based on local market price and prepaid for 1 year.

Rental income

	For the years ended December 31,	
	2019	2018
Subsidiaries	<u>\$23,698</u>	<u>\$28,391</u>

The rental income is due to a lease of plant and warehouse and the rent was based on local market price.

Other receivables

	As of December 31,	
	2019	2018
Subsidiaries	<u>\$9,273</u>	<u>\$-</u>

Other payables

	As of December 31,	
	2019	2018
Subsidiaries	\$8,064	\$4,671
Other related parties	422	394
Total	<u>\$8,486</u>	<u>\$5,065</u>

Unearned rent

	For the years ended December 31,	
	2019	2018
Subsidiaries	<u>\$-</u>	<u>\$305</u>

Right-of-use asset

	As of December 31,	
	2019	2018
Subsidiaries	\$1,271	(Note)
Other related parties	74,954	
Total	<u>\$76,225</u>	

Current lease liabilities

	As of December 31,	
	2019	2018
Subsidiaries	\$1,280	(Note)
Other related parties	25,804	
Total	<u>\$27,084</u>	

Non-current lease liabilities

	As of December 31,	
	2019	2018
Other related parties	<u>\$50,338</u>	(Note)

Interest expense

	As of December 31,	
	2019	2018
Subsidiaries	\$111	(Note)
Other related parties	1,252	
Total	<u>\$1,363</u>	

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(4) Other income (Guarantee income and technical service etc.)

	For the years ended December 31,	
	2019	2018
Subsidiaries		
Taichia Bengbu Glass Fiber Co., Ltd. (TBF)	\$22,548	\$11,478
Other	89,484	92,024
Subtotal	112,032	103,502
Associate	619	890
Other related parties	5,902	5,968
Total	<u>\$118,553</u>	<u>\$110,360</u>

(5) Accounts receivable

	As of December 31,	
	2019	2018
Subsidiaries	\$217,547	\$75,515
Other related parties	3,216	34
Total	220,763	75,549
Less: loss allowance	-	-
Net	<u>\$220,763</u>	<u>\$75,549</u>

(6) Other receivables (Guarantee fee and technical service fee)

	As of December 31,	
	2019	2018
Subsidiaries		
TCD	\$37,872	\$37,278
TGF	17,501	25,182
TBF	3,534	24,550
CFG	935	22,064
Others	22,879	64,571
Subtotal	82,721	173,645
Associate	601	915
Other related parties	20	12
Total	<u>\$83,342</u>	<u>\$174,572</u>

(7) Accounts payable

	As of December 31,	
	2019	2018
Subsidiaries	\$1,790	\$1,201
Other related parties	-	86
Total	<u>\$1,790</u>	<u>\$1,287</u>

(8) Contract liabilities-Current

	As of December 31,	
	2019	2018
Subsidiaries		
TYAU	\$-	\$245,814
Others	20	44
Subtotal	20	245,858
Other related parties	2,065	-
Total	<u>\$2,085</u>	<u>\$245,858</u>

(9) Other payables

A. Entertainment and exhibition fee

	As of December 31,	
	2019	2018
Subsidiaries	\$804	\$178
Other related parties	1,075	1,958
Total	<u>\$1,879</u>	<u>\$2,136</u>

B. Financing

	For the year ended December 31, 2019				
	Maximum balance	Ending balance	rate	Interest expense	Interest payables
Tai Fong Investment Co., Ltd.	\$200,000	\$200,000	3%	\$1,606	\$1,751
Ho Ho Investment Co., Ltd.	880,000	880,000	3%	3,255	3,541
Tai Yu Investment Co., Ltd.	500,000	500,000	3%	153	164
		<u>\$1,580,000</u>		<u>\$5,014</u>	<u>\$5,456</u>

Note: Interest expense including capitalized interest was NT\$442 thousand.

None as of December 31, 2018.

(10) Others

The Company's other transactions with subsidiaries and other related parties is as follows:

	As of December 31,	
	2019	2018
Other current assets		
Subsidiaries	<u>\$-</u>	<u>\$3</u>
Other current liabilities		
Subsidiaries	<u>\$43</u>	<u>\$-</u>

	For the years ended December 31,	
	2019	2018
Operating expenses		
Subsidiaries	\$-	\$172
Other related parties	3,191	6,328
Total	<u>\$3,191</u>	<u>\$6,500</u>

	For the years ended December 31,	
	2019	2018
Other expenses		
Subsidiaries	\$1	\$-

(11) The payment term to related parties has no significant difference to other third parties. The outstanding balance at December 31, 2019 and 2018 was unsecured, non-interest bearing and must be settled in cash. The receivables from and the payables to the related parties were not guaranteed.

(12) The Company purchased intangible assets and construction in progress from the other related parties in the amount of NT\$1,632 thousand in 2018.

(13) The Company sold property, plant and equipment to the subsidiaries in the amount of NT\$23,977 thousand and recognized unrealized gain in the amount of NT\$6,642 thousand in 2018.

(14) The Company purchased the right-of-use assets from other related parties in the amount of NT\$4,347 thousand in 2019.

(15) The Company derecognized right-of-use assets and lease liabilities from other related parties and recognized profit on disposal of right-of-use assets was NT\$33 thousand for the year ended December 31, 2019.

(16) Key management personnel compensation

	For the years ended December 31,	
	2019	2018
Short-term employee benefits	\$32,818	\$50,891
Post-employment benefits	1,943	1,952
Total	<u>\$34,761</u>	<u>\$52,843</u>

8. Assets pledged as security

	December	December		
	31, 2019	31, 2018	Obligee	Secured liabilities
Assets pledged for security			Mizuho	
Bank savings (other financial assets - current)	<u>\$300</u>	<u>\$-</u>	Bank	Performance bond

9. Commitments and contingencies

As of December 31, 2019, the contingency and off balance sheet commitments are as follows:

- (1) As of December 31, 2019, the outstanding promissory notes signed for business needs, including importing equipment, purchase of equipment, performance bond, and loan guarantee, totaled NT\$17,144,990 thousand.
- (2) Commodity tax and export tariff were NT\$21,213 thousand.
- (3) Unsecured balance of letters of credit is as follows:

<u>Currency</u>	<u>Unused Balance (in thousands)</u>
USD	4,432
JPY	75,401
EUR	489
SEK	967
RMB	27,718

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

<u>Items</u>	<u>Contract amount</u>	<u>Amount paid</u>	<u>Amount unpaid</u>
Significant contracts of construction in progress and equipment	\$632,330	\$448,015	\$184,315

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

- (5) The Company signed the promissory notes in amount of NT\$950,000 thousand, US\$333,000 thousand and RMB494,000 thousand for its subsidiaries' secured loans.

10. Losses due to major disasters

None.

11. Significant subsequent events

On March 16, 2020, the board of directors of the company approved the proposal for the Subsidiary, Taiwan Glass China Holdings Co., Ltd., to reduce capital in the amount of US\$ 80,000 and repatriate the share capital.

12. Others

Financial Instruments

(1) Categories of financial instruments

<u>Financial assets</u>	As of December 31,	
	2019	2018
Financial assets at fair value through other comprehensive income	\$257,667	\$263,332
Financial assets measured at amortized cost		
Cash and cash equivalents (excluding cash on hand)	507,000	584,141
Receivables	1,658,058	1,517,885
Refundable deposits	7,192	11,517
Subtotal	2,172,250	2,113,543
Total	\$2,429,917	\$2,376,875

<u>Financial liabilities</u>	As of December 31,	
	2019	2018
Financial liabilities at amortized cost:		
Short-term loans	\$2,000,000	\$1,900,000
Short-term bills payable	3,741,006	3,295,570
Payables	3,601,172	1,508,398
Long-term loans (including current portion)	12,133,333	11,484,940
Lease liabilities	102,353	(Note)
Deposits-in	759	791
Total	\$21,578,623	\$18,189,699

Note: The Company adopted IFRS 16 since January 1, 2019. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 16.

(2) Financial risk management objectives and policies

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

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

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received.

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

When NTD weakens/strengthens against US dollars by 1%, the profit for the years ended of December 31, 2019 and 2018 is decreased/increased by NT\$9,632 thousand and NT\$7,782 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

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, 2019 and 2018 to be decreased/increased by NT\$9,840 thousand and NT\$8,510 thousand, respectively.

Equity price risk

The fair value of the Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Company 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 Company's senior management on a regular basis. The Company'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 Company for the years ended December 31, 2019 and 2018.

As of December 31, 2019, a change of 10% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Company's profit by NT\$21,097 thousand.

As of December 31, 2018, a change of 10% in the price of the listed equity securities measured at fair value through profit or loss could increase/decrease the Company's profit by NT\$21,075 thousand.

(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 Company 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 Company'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 Company'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, 2019 and 2018, accounts receivables from top ten customers represented amounts less than 10% of the total accounts receivables of the Company. 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 Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for trade receivables, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories.

The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates. The details of the assessment for the credit risk of the Company are described as follows:

Level of credit risk	Indicator	Measurement method for expected credit losses	Total carrying amount as at	
			As at December 31,	
			2019	2018
Credit-impaired	Other impaired evidence	Lifetime expected credit losses	\$772,210	\$772,210
Simplified approach (Note)	(Note)	Lifetime expected credit losses	\$1,658,118	\$1,518,030

Note: By using simplified approach (loss allowance is measured at lifetime expected credit losses), including accounts and notes receivables and other receivables.

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).

(5) Liquidity risk management

The Company'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 Company'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 liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
<u>As of December 31, 2019</u>					
Short-term loans	\$2,005,834	\$-	\$-	\$-	\$2,005,834
Short-term bills payable	3,750,000	-	-	-	3,750,000
Payables	3,601,172	-	-	-	3,601,172
Lease liabilities	36,235	61,259	6,620	-	104,114
Long-term loans	4,178,673	7,466,559	606,846	184,911	12,436,989
<u>As of December 31, 2018</u>					
Short-term loans	\$1,904,589	\$-	\$-	\$-	\$1,904,589
Short-term bills payable	3,300,000	-	-	-	3,300,000
Payables	1,508,398	-	-	-	1,508,398
Long-term loans	5,427,836	4,501,206	1,568,170	370,115	11,867,327

As of December 31, 2019, there was liquidity risk that the Company's current liability exceeded current asset. However, the Company has scheduled other financing plans as well as to approve the proposal for the Subsidiary, Taiwan Glass China Holdings Co., Ltd., to reduce the capital in the amount of US\$ 80,000 and repatriate the share capital to mitigate the risk. The Company's management considers that the measures mentioned above could reduce the liquidity risk as of December 31, 2019 significantly.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2019:

	Short-term loans	Short-term bills payable	Long-term loans	Lease liabilities	Total liabilities from financing activities
As of January 1, 2019	\$1,900,000	\$3,300,000	\$11,484,940	\$118,371	\$16,803,311
Cash flows	100,000	450,000	648,393	(55,892)	1,142,501
Non-cash changes:	-	-	-	39,874	39,874
As of December 31, 2019	<u>\$2,000,000</u>	<u>\$3,750,000</u>	<u>\$12,133,333</u>	<u>\$102,353</u>	<u>\$17,985,686</u>

Reconciliation of liabilities for the year ended December 31, 2018:

	Short-term loans	Short-term bills payable	Long-term loans	Lease payable	Total liabilities from financing activities
As of January 1, 2018	\$300,000	\$2,200,000	\$10,958,300	\$-	\$13,458,300
Cash flows	1,600,000	1,100,000	526,640	-	3,226,640
As of December 31, 2018	<u>\$1,900,000</u>	<u>\$3,300,000</u>	<u>\$11,484,940</u>	<u>\$-</u>	<u>\$16,684,940</u>

(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 deposit 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 Company's financial instruments 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 Company.

(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:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

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

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

As of December 31, 2019

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through other comprehensive income				
Equity securities	\$210,970	\$-	\$46,697	\$257,667

As of December 31, 2018

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through other comprehensive income	\$210,750	\$-	\$52,582	\$263,332

During the years ended December 31, 2019 and 2018, 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 other comprehensive income
	Stocks
Beginning balances as of January 1, 2018	\$44,159
Total gains and losses recognized for the year ended December 31, 2018:	
Amount recognized in profit or loss	-
Amount recognized in OCI	8,423
Ending balances as of December 31, 2018	52,582
Total gains and losses recognized for the year ended December 31, 2019:	
Amount recognized in profit or loss	-
Amount recognized in OCI	(5,885)
Ending balances as of December 31, 2019	\$46,697

Total gains and losses recognized for the years ended December 31, 2019 and 2018 contained gains and losses related to such assets on hand as of December 31, 2019 and 2018 in the amount of NT\$(5,885) thousand and NT\$8,423 thousand, respectively.

Information on significant unobservable inputs to valuation

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follows:

As of December 31, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NT\$467 thousand

As of December 31, 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets at fair value through other comprehensive income					
Stocks	Market approach	Discount for lack of marketability	-	The higher the discount for lack of marketability, the lower the fair value of the stocks	1% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's equity by NT\$526 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

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

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6.(10))	\$-	\$-	\$173,677	\$173,677

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 properties (please refer to Note 6.(10))	\$-	\$-	\$172,543	\$172,543

(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, 2019			December 31, 2018		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$32,146	29.98	\$963,731	25,342	30.715	778,383
Non-Monetary items:						
USD	13,065	29.98	391,684	12,058	30.715	370,351

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, the Company was unable to disclose foreign exchange gains (losses) towards each foreign currency with significant impact. The realized and unrealized foreign exchange (losses) gains was NT\$(21,159) thousand and NT\$57,321 thousand for the years ended December 31, 2019 and 2018, respectively.

(10) Capital management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, The Company may adjust dividend payment to stockholders, return capital to stockholders or issue new shares.

(11) Information of finance assets transfer

Transferred financial assets that are partially-derecognized in their entirety

The Company entered into a factoring agreement with a financial institution, which is partly with recourse and partly non-recourse. The Company has transferred the right on those non-recourse factoring, and in accordance with the contract, the Company 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, 2019:

<u>Transferee</u>	<u>Amount transferred</u>	<u>Amount</u>	<u>Advanced amount</u>	<u>Interest rate range</u>	<u>Credit</u>
O-Bank	<u>\$320,661</u>	<u>\$288,595</u>	<u>\$288,529</u>	1.08%	<u>\$605,000</u>

As of December 31, 2018:

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

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: Please refer to Note 7 and Attachment 5.
 - b. Accumulated amount and percentage of sales and related receivables at the end of the period: Please refer to Note 7 and Attachment 5.
 - c. Amount of property transaction and related gain or loss: Note 7.
 - d. Endorsement/guarantee provided to others at the end of the period: Please refer to Attachment 2.
 - e. Financing provided to others at the end of the period: Note 7.
 - f. Other significant transactions, such as service provided or received: Please refer to Note 7.

Financing provided to others for the year ended December 31, 2019

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

No. (Note 1)	Financing Company	Counterparty	Financial Statement Account(Note 2)	Related Party	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		
1	TGCH	CFG	Other receivables	Yes	\$632,000	\$299,800	\$254,830	4.03%	2	\$-	Need for operating	\$-	-	\$-	42,040,544 × 40%= 16,816,218(in thousand)	42,040,544 × 40%= 16,816,218(in thousand)
1	TGCH	QFG	"	Yes	316,000	299,800	299,800	4.21%	2	-	Need for operating	-	-	-	"	"
1	TGCH	FPG	"	Yes	729,111	524,291	524,291	4.00%~4.35%	2	-	Need for operating	-	-	-	"	"
1	TGCH	TJG	"	Yes	2,334,367	702,739	642,779	4.00%~4.09%	2	-	Need for operating	-	-	-	"	"
1	TGCH	TAH	"	Yes	2,176,300	1,049,300	884,410	3.90%	2	-	Need for operating	-	-	-	"	"
1	TGCH	TCD	"	Yes	2,483,200	1,199,200	1,199,200	3.96%~4.11%	2	-	Need for operating	-	-	-	"	"
2	CFG	TYAU	"	Yes	91,605	-	-	-	2	-	Need for operating	-	-	-	3,166,174 × 50%= 1,583,087(in thousand)	3,166,174 × 100%= 3,166,174(in thousand)
2	CFG	TWAR	"	Yes	23,964	-	-	-	2	-	Need for operating	-	-	-	"	"
3	CDG	TYAU	"	Yes	158,131	-	-	-	2	-	Need for operating	-	-	-	7,647,201 × 50%= 3,823,601(in thousand)	7,647,201 × 100%= 7,647,201(in thousand)
3	CDG	TYSM	"	Yes	87,341	81,609	81,609	6.00%	2	-	Need for operating	-	-	-	"	"
3	CDG	HZSS	"	Yes	149,107	131,932	131,932	0.35%	2	-	Need for operating	-	-	-	"	"
3	CDG	TTAR	"	Yes	505,927	472,722	343,797	4.13%	2	-	Need for operating	-	-	-	"	"
3	CDG	TXY	"	Yes	1,343,005	537,184	537,184	0.35%~4.42%	2	-	Need for operating	-	-	-	"	"
3	CDG	TWAR	"	Yes	1,844,333	1,207,589	1,207,588	0.35%~4.13%	2	-	Need for operating	-	-	-	"	"
4	QFG	TQPT	"	Yes	107,437	107,437	107,437	-	2	-	Need for operating	-	-	-	1,312,286 × 50%= 656,143(in thousand)	1,312,286 × 100%= 1,312,286(in thousand)
4	QFG	QRG	"	Yes	183,973	171,899	165,987	-	2	-	Need for operating	-	-	-	"	"
5	HNG	ZZSS	"	Yes	51,048	13,608	13,608	-	2	-	Need for operating	-	-	-	3,188,157 × 50%= 1,594,079(in thousand)	3,188,157 × 100%= 3,188,157(in thousand)
5	HNG	TJG	"	Yes	183,664	171,899	159,006	2.10%	2	-	Need for operating	-	-	-	"	"

Financing provided to others for the year ended December 31, 2019(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	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		
6	TGF	TCD	Other receivables	Yes	\$1,379,800	\$859,494	\$730,570	5.51%	2	\$-	Need for operating	\$-	-	\$ -	6,079,568 × 50%= 3,039,784(in thousand)	6,079,568 × 100%= 6,079,568(in thousand)
6	TGF	TBF	"	Yes	1,735,469	1,718,987	1,117,342	5.51%~5.62%	2	-	Need for operating	-	-	-	"	"
7	DHG	QFG	"	Yes	100,081	48,089	48,089	4.00%	2	-	Need for operating	-	-	-	5,241,736 × 50%= 2,620,868(in thousand)	5,241,736 × 100%= 5,241,736(in thousand)
7	DHG	FPG	"	Yes	1,720,151	1,607,253	1,607,253	4.00%	2	-	Need for operating	-	-	-	"	"
8	TAH	FYSS	"	Yes	55,192	51,570	51,570	4.13%	2	-	Need for operating	-	-	-	1,955,054 × 50%= 977,527(in thousand)	1,955,054 × 100%= 1,955,054(in thousand)
9	HZSS	TXY	"	Yes	25,761	-	-	-	2	-	Need for operating	-	-	-	123,471 × 50%= 61,736(in thousand)	123,471 × 100%= 123,471(in thousand)
10	TXY	TWAR	"	Yes	7,277	-	-	-	2	-	Need for operating	-	-	-	2,702,805 × 50%= 1,351,403(in thousand)	2,702,805 × 100%= 2,702,805(in thousand)
Total							\$10,108,282									

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, 2019

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

Attachment 2

Endorsement/guarantee provided to others for the year ended December 31, 2019

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

No. (Note 1)	Endorser/ Guarantor	Endorsee		Limits of Endorsement /Guarantee Amount for	Maximum Balance	Ending Balance (Note 5)	Actual Amount drawn	Amount of Endorsement/ Guarantee	Percentage of Accumulated Endorsement/Guarantee to Net	Limit on the Endorsement/Guarantee Amount (Note 3)	Parent Company Endorsed or Guaranteed for	Subsidiaries Endorsed or	Endorsement or Guarantee for
		Company Name	Relationship										
0	TGI	TAG	2	\$20,082,041	\$230,500	\$230,500	\$151,617	\$ -	1%	1. In accordance with 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 an individual entity, the amount is limited to 50% of the Company's net assets.	Y		
0	TGI	TGCH	2	"	6,111,625	4,582,135	4,582,135	-	11%	2.Subsidiaries may provide endorsement/guarantee to others in the amount which shall not exceed 100% of their net assets. For endorsement/guarantee to an individual entity, the amount is limited to 60% of the subsidiary's net assets.	Y		
0	TGI	CFG	2	"	181,552	-	-	-	0%	3.TGI : 40,164,081*120%= 48,196,897(in thousand)	Y		Y
0	TGI	FPG	2	"	464,952	-	-	-	0%	4.TGF : 6,079,568*100%= 6,079,568(in thousand)	Y		Y
0	TGI	TCD	2	"	68,505	68,505	-	-	0%	5.CFG : 3,166,174*100%= 3,166,174(in thousand)	Y		Y
0	TGI	HNG	2	"	453,450	158,250	158,250	-	0%	6.DHG : 5,241,736*100%= 5,241,736(in thousand)	Y		Y
0	TGI	TYSM	2	"	179,820	179,820	89,910	-	0%	7.TGCH : 42,040,544*100%= 42,040,544(in thousand)	Y		Y
0	TGI	TGF	2	"	853,922	225,952	225,952	-	1%	8.QFG : 1,312,286*100%= 1,312,286(in thousand)	Y		Y
0	TGI	TJG	2	"	614,225	466,400	311,875	-	1%		Y		Y
0	TGI	TYAU	2	"	781,513	527,082	508,505	-	1%		Y		Y
0	TGI	TGF	2	"	783,650	528,090	528,090	-	1%		Y		Y
0	TGI	TXY	2	"	1,325,474	874,124	462,600	-	2%		Y		Y
0	TGI	TAH	2	"	1,995,500	1,387,200	1,235,125	-	3%		Y		Y
0	TGI	TBF	2	"	4,130,918	4,130,918	3,519,855	-	10%		Y		Y
1	TGF	CFG	4	3,647,741	137,980	85,949	42,975	-	1%				Y
1	TGF	TBF	4	"	451,802	429,747	63,611	-	7%				Y
1	TGF	TCD	4	"	1,287,813	1,203,291	816,519	-	20%				Y
2	CFG	TTAR	4	1,899,704	275,960	257,848	162,088	-	8%				Y
2	CFG	TGF	4	"	505,927	472,722	450,106	-	15%				Y
3	DHG	QFG	4	3,145,042	735,893	687,595	465,803	-	13%				Y
4	TGCH	TGI	3	25,224,326	100,000	50,000	50,000	-	0%			Y	
5	TCD	TQPT	2	787,372	276,412	256,845	216,072	-	20%		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: Endorsee are disclosed as one of the following:

1. A company with which it does business.
2. A company in which the public company directly and indirectly holds more than 50% of the voting shares.
3. A company that directly and indirectly holds more than 50% of the voting shares in the public company.
4. A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
5. A company that fulfills its contractual obligations by providing mutual endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
6. A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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, 2019

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.

Securities held as of December 31, 2019

(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, 2019				Remark (Note 4)
				Shares	Carrying Value (Note 3)	Percentage of Ownership	Fair Value	
TGI	Securities –							
	China Development Financial Holdings	-	Available-for-sale financial assets - non-current	21,681,340	\$210,960	0.14%	\$210,960	
	Chi-Ye Chemical Corp.	-	"	659,000	46,697	3.30%	46,697	
	Chang Hwa Commercial Bank, Ltd.	-	"	314	7	0.00%	7	
	Hua Nan Financial Holdings Co., Ltd.	-	"	148	3	0.00%	3	
	Total				<u>\$257,667</u>			
	Structured deposit –							
CDG	Nanyang Commercial Bank, Chengdu Branch	-	Financial assets at fair value through profit or loss - current	-	<u>\$565,849</u>	-	\$565,849	
	Financial products –							
FYSS	Commercial Bank of China branch in Fengyang	-	"	-	<u>\$42,974</u>	-	\$42,974	

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, 2019

(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
CDG	Financial products – Bank of Communications, Qingbaijiang Branch	Financial assets at fair value through profit or loss - current	-	-	-	\$478,859	-	\$376,214	-	\$880,796	\$861,214	\$19,582	-	\$-
								6,141 (Note4)						
CDG	Structured deposit – Nanyang Commercial Bank, Chengdu Branch	Financial assets at fair value through profit or loss - current	-	-	-	-	-	2,061,786	-	1,502,979	1,479,107	23,872	-	565,849
								(16,830) (Note4)						

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: The amount includes foreign exchange adjustments.

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, 2019

(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	QFG	Parent-subsiary	Sales	\$(407,182)	(3)%	3 months	\$-	-	\$197,159	13%	
TGI	TGF	Parent-subsiary	Sales	(117,920)	(1)%	3 months	-	-	407	0 %	
TAH	CFG	Affiliate Company	Sales	(260,762)	(9)%	3 months	-	-	159,987	15%	
TAH	TTAR	Affiliate Company	Sales	(390,085)	(14)%	3 months	-	-	294,468	27%	
TAH	TWAR	Affiliate Company	Sales	(265,615)	(10)%	3 months	-	-	176,128	16%	
TCD	TGF	Affiliate Company	Sales	(172,608)	(11)%	3 months	-	-	2,051	0%	
TBF	TGF	Affiliate Company	Sales	(469,931)	(60)%	3 months	-	-	202,146	51%	
QFG	TGUS	Affiliate Company	Sales	(244,961)	(12)%	3 months	-	-	24,399	3 %	
QFG	TPMT	Other related party	Sales	(101,933)	(5)%	3 months	-	-	51,778	7 %	
TJG	TGUS	Affiliate Company	Sales	(149,780)	(8)%	3 months	-	-	11,371	2%	
TXY	XYES	Parent-subsiary	Sales	(200,777)	(6)%	3 months	-	-	63,685	8%	
TYAU	DYK	Other related party	Sales	(216,201)	(65)%	3 months	-	-	83,235	56%	
QFG	TGI	Parent-subsiary	Purchases	407,182	23 %	3 months	-	-	(197,159)	(22)%	
TGF	TGI	Parent-subsiary	Purchases	117,920	4 %	3 months	-	-	(407)	(0)%	
CFG	TAH	Affiliate Company	Purchases	260,762	10 %	3 months	-	-	(159,987)	(18)%	
TTAR	TAH	Affiliate Company	Purchases	390,085	41 %	3 months	-	-	(294,468)	(46)%	
TWAR	TAH	Affiliate Company	Purchases	265,615	35 %	3 months	-	-	(176,128)	(56)%	

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, 2019(Continue)

(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)	
TGF	TCD	Affiliate Company	Purchases	\$172,608	6 %	3 months	\$-	-	(2,051)	(1)%	
TGF	TBF	Affiliate Company	Purchases	469,931	17 %	3 months	-	-	(202,146)	(68)%	
TGUS	QFG	Affiliate Company	Purchases	244,961	35 %	3 months	-	-	(24,399)	(100)%	
TGUS	TJG	Affiliate Company	Purchases	149,780	22 %	3 months	-	-	(11,371)	(60)%	
XYES	TXY	Parent-subsidiary	Purchases	200,777	100 %	3 months	-	-	(63,685)	(100)%	
HNG	SCJ	Affiliate Company	Purchases	436,498	25 %	3 months	-	-	(239,372)	(59)%	
DHG	SCJ	Affiliate Company	Purchases	523,152	29 %	3 months	-	-	(21,461)	(9)%	
TJG	SCJ	Affiliate Company	Purchases	185,524	13 %	3 months	-	-	(135,956)	(30)%	
QFG	SCJ	Affiliate Company	Purchases	218,689	13 %	3 months	-	-	(82,346)	(9)%	
TAH	SCJ	Affiliate Company	Purchases	338,800	17 %	3 months	-	-	(192,202)	(30)%	
TAH	TRAE	Affiliate Company	Purchases	214,522	11 %	3 months	-	-	(6,336)	(1)%	
CFG	SCJ	Affiliate Company	Purchases	297,090	12 %	3 months	-	-	(58,963)	(7)%	

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 the parent company on the balance sheet.

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, 2019

(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 \$279,329	-	\$-	-	\$-	\$-
TGCH	TJG	Parent-subsidiary	Other receivables 647,226	-	-	-	-	-
TGCH	FPG	Parent-subsidiary	Other receivables 527,625	-	-	-	-	-
TGCH	QFG	Parent-subsidiary	Other receivables 305,970	-	-	-	-	-
TGCH	TCD	Parent-subsidiary	Other receivables 1,211,705	-	-	-	-	-
TGCH	TAH	Parent-subsidiary	Other receivables 890,362	-	-	-	-	-
QFG	QRG	Parent-subsidiary	Other receivables 165,987	-	-	-	-	-
QFG	TQPT	Parent-subsidiary	Other receivables 107,437	-	-	-	-	-
CDG	TWAR	Affiliate Company	Other receivables 1,219,296	-	-	-	-	-
CDG	HZSS	Affiliate Company	Other receivables 132,009	-	-	-	-	-
CDG	TXY	Affiliate Company	Other receivables 540,401	-	-	-	-	-
CDG	TTAR	Affiliate Company	Other receivables 355,828	-	-	-	-	-

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, 2019(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 \$731,859	-	\$-	-	\$-	\$-
TGF	TBF	Affiliate Company	Other receivables 1,137,308	-	-	-	-	-
DHG	FPG	Affiliate Company	Other receivables 1,644,669	-	-	-	-	-
HNG	TJG	Affiliate Company	Other receivables 180,397	-	-	-	-	-
TGI	QFG	Parent-subsidiary	Accounts receivable 197,159	-	-	-	-	-
CFG	TTAR	Affiliate Company	Accounts receivable 123,247	-	-	-	-	-
TBF	TGF	Affiliate Company	Accounts receivable 202,146	-	-	-	-	-
TAH	CFG	Affiliate Company	Accounts receivable 159,987	-	-	-	-	-
TAH	TTAR	Affiliate Company	Accounts receivable 294,468	-	-	-	-	-
TAH	TWAR	Affiliate Company	Accounts receivable 176,128	-	-	-	-	-

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.

Significant intercompany transactions for the year ended December 31, 2019

(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	QFG	1	Sales revenues	\$407,182	The same as export sales	1%
0	"	TGF	1	"	117,920	"	0%
1	TAH	CFG	3	"	260,762	The same as domestic sales	1%
1	"	TTAR	3	"	390,085	"	1%
1	"	TWAR	3	"	265,615	"	1%
2	TCD	TGF	3	"	172,608	"	0%
3	TBF	TGF	3	"	469,931	"	1%
4	QFG	TGUS	3	"	244,961	The same as export sales	1%
5	TJG	TGUS	3	"	149,780	"	0%
6	TXY	XYES	1	"	200,777	The same as domestic sales	0%
0	TGI	QFG	1	Accounts receivable - related parties	197,159		0%
7	CFG	TTAR	3	"	123,247		0%
3	TBF	TGF	3	"	202,146		0%
1	TAH	CFG	3	"	159,987		0%
1	"	TTAR	3	"	294,468		0%
1	"	TWAR	3	"	176,128		0%
8	TGCH	CFG	1	Other receivables - related parties	279,329		0%
8	"	TJG	1	"	647,226		1%
8	"	FPG	1	"	527,625		1%
8	"	QFG	1	"	305,970		0%
8	"	TCD	1	"	1,211,705		1%
8	"	TAH	1	"	890,362		1%
4	QFG	QRG	1	"	165,987		0%
4	"	TQPT	1	"	107,437		0%
9	CDG	TWAR	3	"	1,219,296		1%
9	"	HZSS	3	"	132,009		0%
9	"	TXY	3	"	540,401		1%
9	"	TTAR	3	"	355,828		0%
10	TGF	TCD	3	"	731,859		1%
10	"	TBF	3	"	1,137,308		1%
11	DHG	FPG	3	"	1,644,669		2%
12	HNG	TJG	3	"	180,397		0%

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.

Names, locations and related information of investee companies as of December 31, 2019

(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, 2019			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%	\$391,684	\$31,482	\$31,482	
#	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	41,724,578 USD 1,343,151	1,354,033,322	93.98%	39,480,570	(358,069)	(333,951)	
#	TAG	Taiwan	Investment in TAGH and selling of auto glasses.	263,582	263,582	26,100,000	87.00%	184,431	(80,132)	(69,822)	
#	TVIG	Taiwan	Selling vacuum insulation glass	438,750	438,750	43,875,000	65.00%	164,673	(43,733)	(28,427)	
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	7,861,681 USD 252,088	1,904,445,986	43.99%	4,219,840	727,343	352,724	
TAG	TAGH	Bermuda	Investment in TYAU.	188,571 USD 6,000	188,571 USD 6,000	6,000,000	100.00%	66,979	(17,297)	(17,297)	

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, 2019" 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.

Investee	Nature of Business	Total Amount of Paid-in Capital	Investment Method (Note 1)	Accumulated Outflows of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflows of Investment from Taiwan as of December 31, 2019	Profit or Loss of Investee company	Percentage of Ownership	Profit or Loss on Investment (Note 2(ii)c.)	Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
QRG	Manufacturing of photovoltaic glass	\$878,204 USD 29,293 (Note20)	(i)	\$32,199 USD 1,074	\$-	\$-	\$32,199 USD 1,074	\$(40,670)	94.96%	\$(38,620)	\$108,352	\$-
QFG	Manufacturing of flat glasses	2,632,244 USD 87,800 (Note14、Note23)	(ii)	1,420,722 USD 47,389	-	-	1,420,722 USD 47,389	(167,352)	93.98%	(157,278)	1,233,286	-
YNSS	Manufacturing of silica sand	120,190 USD 4,009 (Note14)	(ii)	58,131 USD 1,939	-	-	58,131 USD 1,939	(20,840)	59.56%	(12,412)	86,680	-
CFG	Manufacturing of flat glasses & low-emission glasses	2,818,120 USD 94,000 (Note8、Note25)	(ii)	2,278,480 USD 76,000	-	-	2,278,480 USD 76,000	(23,695)	93.98%	(22,268)	2,975,571	-
FYSS	Manufacturing of silica sand	128,914 USD 4,300 (Note6)	(ii)	62,958 USD 2,100	-	-	62,958 USD 2,100	81,358	93.98%	76,460	193,018	-
TGF	Manufacturing of glass fabric & fiber	3,297,800 USD 110,000 (Note13)	(ii)	2,731,658 USD 91,116	-	-	2,731,658 USD 91,116	(125,741)	93.98%	(118,171)	5,713,578	-
CDG	Manufacturing of flat glasses & low-emission glasses	2,098,600 USD 70,000 (Note12)	(ii)	1,465,872 USD 48,895	-	-	1,465,872 USD 48,895	543,072	93.98%	510,379	7,186,840	-
HZSS	Manufacturing of silica sand	314,790 USD 10,500	(ii)	314,790 USD 10,500	-	-	314,790 USD 10,500	(37,287)	93.98%	(35,042)	116,038	-
HNG	Manufacturing of flat glasses & low-emission glasses	3,177,880 USD 106,000 (Note11)	(ii)	2,653,230 USD 88,500	-	-	2,653,230 USD 88,500	(17,743)	93.98%	(16,675)	2,996,230	-
DHG	Manufacturing of flat glasses	2,398,400 USD 80,000 (Note9、Note14、Note22)	(ii)	1,499,000 USD 50,000	-	-	1,499,000 USD 50,000	257,349	93.98%	241,857	4,926,184	-
TJG	Manufacturing of flat glasses & low-emission glasses	2,878,080 USD 96,000 (Note10、Note24)	(ii)	1,768,820 USD 59,000	-	-	1,768,820 USD 59,000	(172,469)	93.98%	(162,087)	589,808	-
FPG	Manufacturing of photovoltaic glass & cell module assembly	2,486,181 USD 82,928 (Note21)	(ii)	1,558,960 USD 52,000	-	-	1,558,960 USD 52,000	(417,937)	93.98%	(392,777)	(511,210)	-
SCJ	Manufacturing of soda ash	23,984,000 USD 800,000 (Note15)	(ii)	4,784,568 USD 159,592	-	-	4,784,568 USD 159,592	1,407,961	41.34%	582,051	7,834,989	-
HSB	Manufacturing Brine	959,360 USD 32,000 (Note16)	(ii)	179,880 USD 6,000	-	-	179,880 USD 6,000	139,400	41.34%	57,628	692,073	-
TXY	Manufacturing of flat glasses	2,998,000 USD 100,000 (Note17)	(ii)	1,948,700 USD 65,000	-	-	1,948,700 USD 65,000	268,433	93.98%	252,274	2,540,097	-
TTAR	Manufacturing of low-emission glasses	1,049,300 USD 35,000	(ii)	1,049,300 USD 35,000	-	-	1,049,300 USD 35,000	204,671	93.98%	192,350	769,853	-

Investment in Mainland China as of December 31, 2019(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, 2019	Investment Flows		Accumulated Outflows of Investment from Taiwan as of December 31, 2019	Profit or Loss of Investee company	Percentage of Ownership	Profit or Loss on Investment (Note 2(ii)b.)	Carrying Value as of December 31, 2019	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
TAH	Manufacturing of flat glasses	\$2,548,300 USD 85,000	(ii)	\$2,548,300 USD 85,000	\$-	\$-	\$2,548,300 USD 85,000	\$59,827	93.98%	\$56,226	\$1,837,359	\$-
TYSM	Manufacturing of solar glasses	1,948,700 USD 65,000 (Note18)	(ii)	1,461,525 USD 48,750	-	-	1,461,525 USD 48,750	(123,129)	70.49%	(86,793)	375,307	-
TWAR	Manufacturing of low-emission glasses	1,049,300 USD 35,000	(ii)	1,049,300 USD 35,000	-	-	1,049,300 USD 35,000	(29,807)	93.98%	(28,012)	322,528	-
TYAU	Manufacturing of auto glasses	2,038,640 USD 68,000 (Note19)	(ii)	1,043,304 USD 34,800	-	-	1,043,304 USD 34,800	(191,688)	55.77%	(106,905)	451,579	-
TBF	Manufacturing of glass fabric	1,798,800 USD 60,000	(ii)	1,798,800 USD 60,000	-	-	1,798,800 USD 60,000	(693,983)	93.98%	(652,205)	673,794	-
TCD	Manufacturing of glass fabric	2,938,040 USD 98,000 (Note7)	(ii)	2,788,140 USD 93,000	-	-	2,788,140 USD 93,000	(257,398)	93.98%	(241,903)	2,412,677	-

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

Accumulated Investment in Mainland China as of December 31, 2019	Investment Amount Authorized by Investment Commission, Ministry of Economic Affairs (Note 4)	Limit on Investment Amount to Mainland China (Note 5)
\$34,496,637 USD 1,150,655	\$40,383,451 USD 1,334,061 and CNY 90,356	

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 certified 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 TGCH invested the other USD 5,000 thousand to the entity with its own capital.

Note 8: The other USD 12,000 thousand was invested by third party through the TGCH.

Note 9: Third party invested USD 3,000 thousand to the entity through the TGCH.

Note 10: Third party invested USD 12,000 thousand to the entity through the TGCH.

Note 11: 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 12: Third party invested USD 21,000 thousand to the entity through the TGCH.

Note 13: Third party invested USD 17,000 thousand to the entity through the TGCH.

Note 14: 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 15: The SCH, the investee of the TGCH, invested USD 640,408 thousand to the entity with its and third party's capital.

Note 16: The SCH invested USD 26,000 thousand to the entity with third party's capital.

Note 17: The USD 35,000 thousand earnings distributed by CFG and CDG was invested by TGCH. The Company did not provide any funding.

Note 18: The USD 16,250 thousand was invested by the third party. The Company did not provide any funding.

Note 19: The TAGH and third party invested additional USD 6,000 thousand and USD 27,200 thousand to the entity, respectively.

Note 20: The QFG and TGUS invested USD 23,319 thousand and USD 4,774 thousand to the entity, respectively.

Note 21: The FPG raised capital of USD 30,928 thousand through debt for equity swap. The Company did not provide any funding.

Note 22: The DHG raised capital of USD 14,000 thousand through debt for equity swap. The Company did not provide any funding.

Note 23: The QFG raised capital of USD 5,000 thousand through debt for equity swap. The Company did not provide any funding.

Note 24: The TJG raised capital of USD 25,000 thousand through debt for equity swap. The Company did not provide any funding.

Note 25: For the period ended September 30, 2019, the Company was merged with TKG. CFG is the surviving company, and TKG is the dissolved company.