TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY
FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT AUDITORS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017

Address: 6F, No.139, Zhengzhou Rd., City of Taipei, Taiwan, Republic of China

The reader is advised that these 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.

TAIWAN SECOM CO., LTD.

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Independent Auditors' Report Translated from Chinese

To Taiwan Secom Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of Taiwan Secom Co., Ltd. (the "Company") as of December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and its financial performance and cash flows for the years ended December 31, 2018 and 2017, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only 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. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2018 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment on Investments Accounted for Under the Equity Method

As of December 31, 2018, the Company's investments accounted for under the equity method amounted to NT$8,680,890 thousand, which accounted for 48% of total assets. Management assesses and implements impairment testing whenever there is any indication that an investment accounted for under the equity method is impaired. Given the fact that the amount of investments accounted for under the equity method is significant to the Company, the impairment assessment process involves significant management judgment of assumptions used and the calculation model is complicated as well. We determined the matter as a key audit matter.

To reduce the uncertainty for significant accounting judgement, estimation, and assumption related to the evaluation of assets impairment and the determination of recoverable amount, our audit procedures included, but not limited to:

(1) For the investments accounted for under the equity method which has the indication of impairment, we analyze the method and assumption used by management for impairment testing, which include the reasonableness, completeness, and relation of expected future cash flow, and examine the recoverable amount.

(2) We adopt our internal professional appraiser to evaluate the management's assessment to assist us to assess the evaluation assumption and method, especially for the parameters of weighted average cost of capital, expected revenue growth rate, discount rate on pre-tax income and rate of gross profit.

We also consider the estimation and the uncertainty on impairment loss on investments accounted for under the equity method adopted by the Company, and the appropriateness of the disclosures of accounting assumption. Please refer to Notes 5 and 6.

2. Revenue Recognition

Revenue recognized by the Company amounted to NT$6,909,346 thousand for the year ended December 31, 2018, and the revenue consists of security system revenue which is the Company's main source of revenue. The customer contracts include various performance conditions and terms, due to the practice of the industry. The Company need to make the judgment when the performance obligation is completed based on the terms of customer orders or contracts, and recognized revenue when the Company satisfies a performance obligation. Due to the revenue derived from rendering service received in advance, the timing to recognize the revenue is significant judgment for the Company is determined as a key audit matter.

Our audit procedures included, but not limited to:

(1) Assessing the appropriateness of the accounting policy of revenue recognition and the process of generating and recognizing revenue; evaluating and testing the design and operating effectiveness of internal controls around revenue recognition.

(2) Selecting samples to perform tests of details, reviewing significant terms and condition of contracts and assessing the performance obligation and the trading price to verify the occurrence of sales transaction.

(3) Acquiring the detail of the revenue recognition for the contract liabilities for security system revenue by month, and selecting samples to review the contract period and reassess the accuracy of the amount of revenue recognition to verify the reasonableness of the timing of revenue recognition.

(4) Executing cut-off testing procedures.

We also consider the appropriateness of the disclosures of operating revenue. Please refer to Note 6.

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

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

In preparing the parent company only 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 or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the accompanying notes, and whether the parent company only 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 parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2018 parent company only 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.

Emphasis of Matter – Applying for New Accounting Standards

We draw attention to Note 3 of the parent company only financial statements, which describes the Company applied for the International Financial Reporting Standard 9, "Financial Instruments" and 15, "Revenue from Contracts with Customers" starting from January 1, 2018, and elected not to restate the parent company only financial statements for prior periods. Our conclusion is not modified in respect of this matter.

Yu, Chien-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan
March 22, 2019

Notice to Readers
The accompanying 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 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.

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2018 and December 31, 2017
(Expressed in Thousands of New Taiwan Dollars)

		As of			
		December 31, 2018		December 31, 2017	
Assets	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	$990,335	5	$724,191	4
Financial assets at fair value through profit or loss, current	4 and 6	4,985	-	-	-
Financial assets at fair value through other comprehensive income, current	4 and 6	117,480	1	-	-
Available-for-sale financial assets, current	4 and 6	-	-	114,487	1
Contract assets, current	4 and 6	30,170	-	-	-
Notes receivable, net	4 and 6	187,992	1	207,802	1
Accounts receivable, net	4 and 6	465,303	3	388,370	2
Lease receivable,net	4 and 6	38,040	-	50,626	-
Accounts receivable from related parties, net	4, 6 and 7	100,705	1	83,474	1
Inventories, net	4 and 6	92,255	-	91,546	1
Prepayments		314,871	2	264,252	2
Other current assets		66,542	-	66,170	-
Total current assets		2,408,678	13	1,990,918	12
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4 and 6	201,770	1	-	-
Available-for-sale financial assets, non-current	4 and 6	-	-	162,070	1
Financial assets measured at cost, non-current	4 and 6	-	-	100,000	1
Investments accounted for under the equity method	4 and 6	8,680,890	48	8,476,473	48
Property, plant and equipment	4, 6 and 7	5,023,609	28	5,185,551	29
Investment property, net	4 and 6	282,579	2	282,806	2
Intangible assets	4 and 6	73,197	-	80,967	-
Deferred tax assets	4 and 6	304,814	2	258,930	1
Prepayment for equipment		783,071	4	773,093	4
Refundable deposits	7	227,974	1	225,856	1
Long-term receivable	6	30,633	-	41,834	-
Long-term lease receivable	4 and 6	117,488	1	131,203	1
Other assets, non-current	8	14,504	-	67,019	-
Total non-current assets		15,740,529	87	15,785,802	88
Total assets		$18,149,207	100	$17,776,720	100

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

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2018 and December 31, 2017
(Expressed in Thousands of New Taiwan Dollars)

		As of			
		December 31, 2018		December 31, 2017	
Liabilities and Equity	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	4 and 6	$2,350,000	13	$2,200,000	12
Contract liabilities, current	4 and 6	1,134,977	6	-	-
Notes payable		222,947	1	262,419	2
Accounts payable		218,226	1	241,292	1
Accounts payable to related parties	7	96,046	1	120,788	1
Other payables	7	532,021	3	515,222	3
Current tax liabilities	4 and 6	211,977	1	54,245	-
Advanced receipts	6	-	-	1,008,857	6
Current portion of long-term loans	4 and 6	684,000	4	184,000	1
Other current liabilities		126,208	1	130,521	1
Total current liabilities		5,576,402	31	4,717,344	27
Non-current liabilities					
Long-term loans	4 and 6	350,000	2	1,034,000	6
Provisions, non-current	4	7,200	-	7,200	-
Net defined benefit liabilities, non-current	4 and 6	1,309,685	7	1,305,026	7
Guarantee deposits	6	585,012	3	576,270	3
Other liabilities, non-current	4 and 6	1,487	-	14,732	-
Total non-current liabilities		2,253,384	12	2,937,228	16
Total liabilities		7,829,786	43	7,654,572	43
Equity attributable to the parent					
Capital					
Common stock	6	4,511,971	26	4,511,971	26
Additional paid-in capital	6	724,912	4	691,334	4
Retained earnings	6				
Legal reserve		3,322,832	18	3,102,274	18
Special reserve		131,578	1	65,182	-
Unappropriated earnings		2,087,315	11	2,171,354	12
Other components of equity	4 and 6	(170,798)	(1)	(131,578)	(1)
Treasury stock	4 and 6	(288,389)	(2)	(288,389)	(2)
Total equity		10,319,421	57	10,122,148	57
Total liabilities and equity		$18,149,207	100	$17,776,720	100

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

English Translation of Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2018 Amount	2018 %	2017 Amount	2017 %
Operating revenue	4, 6 and 7	$6,941,037	100	$7,031,300	101
Less : Sales returns and allowances	6	(31,691)	-	(41,663)	(1)
Net revenue		6,909,346	100	6,989,637	100
Operating costs	6 and 7	3,484,189	50	3,512,078	50
Gross profit		3,425,157	50	3,477,559	50
Operating expenses	6 and 7				
Sales and marketing expenses		640,849	9	692,518	10
General and administrative expenses		1,097,331	16	1,166,094	17
Research and development expenses		105,582	2	91,957	1
Expected credit losses		11,300	-	-	-
Subtotal		1,855,062	27	1,950,569	28
Operating income		1,570,095	23	1,526,990	22
Non-operating income and loss					
Other income	6	66,129	1	73,847	1
Other gains and losses	6	(25,230)	-	(106,633)	(2)
Finance costs	6	(26,956)	-	(25,337)	-
Share of profit or loss of associates and joint ventures		729,994	10	948,770	14
Subtotal		743,937	11	890,647	13
Income before income tax		2,314,032	34	2,417,637	35
Income tax expenses	4 and 6	(267,204)	(4)	(212,070)	(3)
Net income		2,046,828	30	2,205,567	32
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	6	(59,828)	(1)	(46,115)	(1)
Unrealized gains on financial assets at fair value through other comprehensive income	6	(34,880)	(1)	-	-
Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss	6	(19,667)	-	3,948	-
Income tax related to items that will not be reclassified	6	8,010	-	4,703	-
Items that may be reclassified subsequently to profit or loss					
Unrealized gain on available-for-sale financial assets	6	-	-	13,273	-
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss	6	41,597	1	(79,669)	(1)
Total other comprehensive (loss) income, net of tax		(64,768)	(1)	(103,860)	(2)
Total comprehensive income		$1,982,060	29	$2,101,707	30
Earnings per share (NT$)	4 and 6				
Basic earnings per share		$4.64		$5.00	
Diluted earnings per share		$4.64		$5.00	

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

English Translation of Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to the Parent Company									
			Retained Earnings			Other Components of Equity				
Description	Common Stock	Additional Paid-in Capital	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at fair value through other comprehensive	Unrealized Gain or Loss on Available-for-Sale Financial Assets	Treasury Stock	Total Equity
Balance as of January 1, 2017	$4,511,971	$853,577	$3,040,743	$61,565	$1,421,990	$(50,537)	$-	$(14,645)	$(288,389)	$9,536,275
Appropriations and distributions of 2016 unappropriated earnings										
Legal reserve	-	-	61,531	-	(61,531)	-	-	-	-	-
Special reserve	-	-	-	3,617	(3,617)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,353,591)	-	-	-	-	(1,353,591)
Other changes in capital reserve										
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	29,254	-	-	-	-	-	-	-	29,254
Cash dividends distributed from capital surplus	-	(225,599)	-	-	-	-	-	-	-	(225,599)
Net income in 2017	-	-	-	-	2,205,567	-	-	-	-	2,205,567
Other comprehensive (loss) income, net of tax in 2017	-	-	-	-	(37,464)	(89,913)	-	23,517		(103,860)
Total comprehensive income	-	-	-	-	2,168,103	(89,913)	-	23,517	-	2,101,707
Parent company's cash dividends received by subsidiaries	-	34,102	-	-	-	-	-	-	-	34,102
Balance as of December 31, 2017	$4,511,971	$691,334	$3,102,274	$65,182	$2,171,354	$(140,450)	$-	$8,872	$(288,389)	$10,122,148
Balance as of January 1, 2018	$4,511,971	$691,334	$3,102,274	$65,182	$2,171,354	$(140,450)	$-	$8,872	$(288,389)	$10,122,148
Impact of retroactive application	-	-	-	-	39,344	-	(44,049)	(8,872)	-	(13,577)
Balance as of January 1, 2018 after restatement	4,511,971	691,334	3,102,274	65,182	2,210,698	(140,450)	(44,049)	-	(288,389)	10,108,571
Appropriations and distributions of 2017 unappropriated earnings										
Legal reserve	-	-	220,558	-	(220,558)	-	-	-	-	-
Special reserve	-	-	-	66,396	(66,396)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,804,788)	-	-	-	-	(1,804,788)
Other changes in capital reserve										
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	(8,354)	-	-	-	-	-	-	-	(8,354)
Donated surplus	-	2,959	-	-	-	-	-	-	-	2,959
Net income in 2018	-	-	-	-	2,046,828	-	-	-	-	2,046,828
Other comprehensive (loss) income, net of tax in 2018	-	-	-	-	(73,278)	41,597	(33,087)	-	-	(64,768)
Total comprehensive income	-	-	-	-	1,973,550	41,597	(33,087)	-	-	1,982,060
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	(5,191)	-	5,191	-	-	-
Parent company's cash dividends received by subsidiaries	-	38,973	-	-	-	-	-	-	-	38,973
Balance as of December 31, 2018	$4,511,971	$724,912	$3,322,832	$131,578	$2,087,315	$(98,853)	$(71,945)	$-	$(288,389)	$10,319,421

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

English Translation of Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

Description	2018	2017
Cash flows from operating activities:		
Profit before tax from continuing operations	$2,314,032	$2,417,637
Net income before tax	2,314,032	2,417,637
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Bad debt expense	-	12,337
Expected credit losses	11,300	-
Depreciation	892,511	883,129
Amortization	50,127	52,595
Interest expense	26,956	25,337
Interest revenue	(2,571)	(2,362)
Dividend income	(9,186)	(14,024)
Share of gain of associates and joint ventures	(729,994)	(948,770)
Loss on valuation of financial asset	152	-
Loss (gain) on disposal of property, plant and equipment	7,861	(823)
Loss on disposal of investments	-	3,130
Impairment loss	9,879	92,288
Changes in operating assets and liabilities:		
Contract assets	5,227	-
Notes receivable, net	19,811	3,161
Accounts receivable, net	(81,796)	69,501
Accounts receivable from related parties, net	(17,231)	19,836
Lease receivables	26,301	(82,264)
Long-term receivables	11,201	(41,834)
Contract liabilities	61,383	-
Inventories, net	(42,121)	(73,555)
Prepayments	4,348	(39,882)
Other current assets	(372)	(13,756)
Notes payable	(39,473)	57,173
Accounts payable	(23,066)	62,637
Accounts payable to related parties	(24,743)	9,107
Other payables	16,799	38,217
Advanced receipts	-	45,852
Other current liabilities	(4,312)	103
Net defined liabilities, non-current	(55,168)	16,754
Cash generated from operations	2,427,855	2,591,524
Interest received	2,571	2,362
Interest paid	(26,945)	(25,206)
Income tax paid	(147,347)	(300,294)
Net cash provided by operating activities	2,256,134	2,268,386
Cash flows from investing activities:		
Acquisition of available-for-sale financial assets	-	(9,000)
Capital deducted by cash of financial assets measured at cost	-	7,650
Acquisition of investments accounted for using the equity method	(27,344)	(280,000)
Capital deducted by cash of financial assets at fair value through other comprehensive income	8,333	-
Acquisition of property, plant and equipment	(714,167)	(1,013,908)
Proceeds from disposal of property, plant and equipment	17,375	2,515
Acquisition of intangible assets	(42,357)	(58,475)
(Increase) decrease in prepayment for equipment	(9,977)	183,955
(Increase) decrease in refundable deposits	(2,118)	5,471
Decrease (increase) in other assets	10,681	(41,234)
Dividends received	596,681	507,417
Net cash used in investing activities	(162,893)	(695,609)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	150,000	(500,000)
Increase in long-term loans	-	400,000
Decrease in long-term loans	(184,000)	(144,000)
Increase in guarantee deposits	8,732	11,190
Cash dividends paid	(1,801,829)	(1,579,190)
Net cash used in financing activities	(1,827,097)	(1,812,000)
Net decrease in cash and cash equivalents	266,144	(239,223)
Cash and cash equivalents at beginning of year	724,191	963,414
Cash and cash equivalents at end of year	$990,335	$724,191

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

English Translation of Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD.
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2018 AND 2017
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

1. History and Organization

Taiwan Secom Co., Ltd. ("the Company") was incorporated under the laws of the Republic of China ("R.O.C.") on November 8, 1977. The Company is engaged mainly in the security service. In December 1993, the Company listed its shares of stock on the Taiwan Stock Exchange ("TWSE"). The Company's registered office and the main business location is at 6F., No.139, Zhengzhou Rd., Datong Dist., Taipei, R.O.C..

2. Date and Procedures of Authorization of Financial Statements for Issue

The parent company only financial statements of Taiwan Secom Co., Ltd. ("the Company") for the years ended December 31, 2018 and 2017 were authorized for issue by the Board of Directors on March 22, 2019.

3. Newly issued or revised standards and interpretations

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

The 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 1 January 2018. The nature and the impact of each new standard and amendment that has a material effect on The Company is described below:

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

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

The Company's principal activities consist of the sale of goods and rendering of services. The impacts arising from the adoption of IFRS 15 on The Company are summarized as follows:

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

b. Before 1 January 2018, revenue from sale of goods was recognized when goods have been delivered to the buyer. Starting from 1 January 2018, in accordance with IFRS 15, the Company recognized revenue when (or as) the Company satisfies a performance obligation by transferring a promised good to a customer. IFRS 15 has no impact on the Company's revenue recognition from sale of goods.

c. Before 1 January 2018, revenue from rendering of services was recognized based on the stage of completion which was measured by the proportion of that contract cost incurred for work performed to date bear to the estimated total contract costs. Starting from 1 January 2018, in accordance with IFRS 15, the Company recognized revenue when (or as) the Company satisfies a performance obligation by transferring a promised service to a customer and also by reference to the stage of completion. IFRS 15 has no significant impact on the Company's revenue recognition from rendering of services.

   However, for some rendering of services contracts, if the Company has the right to provide the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets, which is different from the accounting treatment of recognizing trade receivables before the date of initial application. Besides, loss allowance for contract assets was assessed in accordance with IFRS 9. The Company reclassify the contract assets NT$35,397 thousand from account receivables as at January 1, 2018. To compare with the requirements of IAS 18, the trade receivables decreased by NT$30,170 thousand and the contract assets increased by NT$30,170 thousand as at December 31, 2018.

   However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, then the Company has the obligation to provide the services subsequently. Before 1 January 2018, the Company recognized the consideration received in advance from customers under advanced receipts. Starting from 1 January 2018, in accordance with IFRS 15, it should be recognized as contract liabilities. The amount reclassified from advanced receipts to contracts liabilities of the Company as at the date of initial application was NT$1,008,524 thousand. In addition, compared with the requirements of IAS 18, advanced receipts decreased by NT$1,134,977 thousand and the contract liabilities increased by NT$1,134,977 thousand as at December 31, 2018.

d. For some rendering of services contracts, the non-refundable upfront fees were received from customers at service inception. Before 1 January 2018, the Company recognized the revenue when received the service fees. Starting from 1 January 2018, the above the non-refundable upfront fees were received from customers at service inception shall recognized revenue by amortization during the contracts period. The revenue in accordance with IFRS 15, the Company recognized revenue when the Company satisfies a performance obligation by transferring a promised service to a customer and will decrease retained earnings by NT$9,770 thousand.

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

B. *IFRS 9 "Financial Instruments"*

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

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

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

IAS 39		IFRS 9	
Measurement categories	Carrying amounts	Measurement categories	Carrying amounts
Fair value through profit or loss	$-	Fair value through profit or loss	$5,137
Fair value through other comprehensive income		Fair value through other comprehensive income	362,463
Available-for-sale financial assets (including measured at cost $100,000)	376,557		
Investments accounted for under the equity method	8,476,473	Investments accounted for under the equity method	8,471,323
At amortized cost		At amortized cost (including cash and cash equivalents, trade receivables, and refundable deposits)	1,847,383
Loans and receivables (including cash and cash equivalents, trade receivables, and refundable deposits)	1,847,383		
Total	$10,700,413	Total	$10,686,306

c. The transition adjustments from IAS 39 to IFRS 9 for the classifications of financial assets and financial liabilities as at 1 January 2018 are as follow:

IAS 39		IFRS 9			Retained earnings	Other components of equity
Class of financial instruments	Carrying amounts	Class of financial instruments	Carrying amounts	Difference	Adjustment	Adjustment
Financial assets at fair value through profit or loss (Note 1)						
Available-for-sale financial assets (including investments measured at cost with initial investment cost of $100,000, reported as a separate line item) (Note 2)	$376,557	Measured at fair value through profit or loss	$5,137	$-	$129	$(129)
		Measured at fair value through other comprehensive income (equity instruments)	362,463	8,957	(41,270)	50,227
Investments accounted for under the equity method (Note 3)	8,476,473	Investments accounted for under the equity method	8,471,323	(5,150)	(7,973)	2,823
Loans and receivables (Note 4)						
Cash and cash equivalents	718,218	Cash and cash equivalents	718,218	-	-	-
Trade receivables	903,309	Trade receivables	903,309	-	-	-
Refundable deposits	225,856	Refundable deposits	225,856	-	-	-
Subtotal	1,847,383					
Total	$10,700,413	Total	$10,686,306		$(49,114)	$52,921

Notes:

(1) In accordance with IAS 39, financial assets classified as held for trading which measured at fair value through profit or loss might include investments in funds and stocks of listed companies. In accordance with IFRS 9, as the cash flow characteristics for funds are not solely payments of principal and interest on the principal amounts outstanding, they are classified as financial assets mandatorily measured at fair value through profit or loss.

(2) In accordance with of IAS 39, the Company's available-for-sale financial assets included investments in funds, stocks and bonds of listed companies and stocks of unlisted companies. Adjustment details are described as follow:

(A) Funds

As the cash flow characteristics for funds are not solely payments of principal and interest on the principal amount outstanding, so funds are classified as financial assets mandatorily measured at fair value through profit or loss in accordance with IFRS 9. As at 1 January 2018, the Company reclassified available-for-sale financial assets of NT$5,137 thousand to financial assets mandatorily measured at fair value through profit or loss. Besides, changes in fair value of NT$129 thousand previously recognized in other components of equity was reclassified to retained earnings.

(B) Stocks (including listed and unlisted companies)

The Company assessed the facts and circumstances existed as at 1 January 2018, and determined these stocks were not held-for-trading; therefore, so the Company elected to designate them as financial assets measured at fair value through other comprehensive income. As at 1 January 2018, the Company reclassified available-for-sale financial assets (including measured at cost) to financial assets measured at fair value through other comprehensive income of NT$362,463 thousand. Other related adjustments are described as follow:

(a) The stock of unlisted companies previously measured at cost in accordance with IAS 39 had an original cost NT$141,270 thousand, which was NT$41,270 thousand impaired. However, in accordance with IFRS 9, stocks of unlisted companies must be measured at fair value and shall not recognize impairment. The fair value of the stocks of unlisted companies was NT$91,043 thousand as at 1 January 2018. Accordingly, the Company adjusted the carrying amount of financial assets measured at fair value through other comprehensive income of NT$91,043 thousand and also adjusted the retained earnings and other components of equity by NT$41,270 thousand and NT$(50,227) thousand, respectively.

(b) As at 1 January 2018, the Company reclassified the stocks of listed and unlisted companies of NT$271,420 thousand measured at fair value from available-for-sale financial assets to financial assets measured at fair value through other comprehensive income. This adjustment did not result any differences in the carrying amounts of assets, but reclassified within equity accounts.

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

d. Other impact

The Company adopted the requirements of IFRS 9 since 1 January 2018, the adjustments for investment using equity method increased by NT$5,150 thousand, retained earning increased by NT$7,973 thousand and other components of equity reduced by NT$2,823 thousand.

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

C. IFRIC 22 "*Foreign Currency Transactions and Advance Consideration*"

The interpretation clarifies that when applying paragraphs 21 and 22 of IAS 21 "The Effects of Changes in Foreign Exchange Rates", in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the entity initially recognizes the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

The Company originally recorded their foreign currency sales transactions based on the exchange rate on the date of revenue recognition and converted into its functional currency. The exchange difference was recognized when the foreign currency advance payment was written off. The Company elected to apply this interpretation prospectively on 1 January 2018. This change in accounting principle did not significantly impact the Company's recognition and measurement.

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

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

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the 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 16 "Leases"	1 January 2019
B	IFRIC 23 "Uncertainty Over Income Tax Treatments"	1 January 2019
C	IAS 28 "Investment in Associates and Joint Ventures" - Amendments to IAS 28	1 January 2019
D	Prepayment Features with Negative Compensation (Amendments to IFRS 9)	1 January 2019
E	Improvements to International Financial Reporting Standards (2015-2017 cycle)	1 January 2019
F	Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)	1 January 2019

A. *IFRS 16 "Leases"*

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

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

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

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

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

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

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

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

IFRS 3 "Business Combinations"

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

IFRS 11 "Joint Arrangements"

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

IAS 12 "Income Taxes"

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

IAS 23 "Borrowing Costs"

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

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

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

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

A. IFRS 16 "Leases"

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

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

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

<u>Leases classified as operating leases</u>

For leases that were classified as operating leases applying IAS 17, the Company expects to measure and recognize those leases as lease liability on 1 January 2019 at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on 1 January 2019 and; the Company chooses, 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 1 January 2019; or
ii. an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet immediately before 1 January 2019.

The Company expects the right-of-use asset will increase by NT$234,309 thousand and the lease liability will increase by NT$234,309 thousand on 1 January 2019.

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

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

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

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

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full. IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture. The effective date of the amendments has been postponed indefinitely, but early adoption is allowed.

B. IFRS 17 "*Insurance Contracts*"

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

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

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

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

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

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

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

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the 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 A and D, it is not practicable to estimate their impact on the Company at this point in time. The remaining 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, 2018 and 2017 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by the FSC.

(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 that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

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

Transactions in foreign currencies are initially recorded by the Company at its 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 of the dates of the initial transactions.

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

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

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

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

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

(4) 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
C. The Company expects to realize the asset within twelve months after the reporting period
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
B. The Company holds the liability primarily for the purpose of trading
C. The liability is due to be settled within twelve months after the reporting period
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.

(5) 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 which are subject to an insignificant risk of changes in value (including fixed-term deposits that have maturities of 3 months from the date of acquisition).

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

A. Financial instruments: Recognition and Measurement

<u>The accounting policy from 1 January 2018 as follow:</u>

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 assets 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, trade receivables financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

a. 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 recognise 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. 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:

   i. 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.
   ii. 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.

The accounting policy before 1 January 2018 as follow:

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated as at fair value through profit or loss. A financial asset is classified as held for trading if:

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

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

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

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

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

Available-for-sale financial assets

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

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

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

Held-to-maturity financial assets

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

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

Loans and receivables

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

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

B. Impairment of financial assets

The accounting policy from 1 January 2018 as follow:

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 statement of financial position.

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 measures as follow:

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 trade 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.

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.

The accounting policy before 1 January 2018 as follow:

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

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

Other loss events include:

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

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

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

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the asset have expired
b. The 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

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

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

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

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

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Before 1 January 2018, if the financial liabilities at fair value through profit or loss do not have quoted prices in an active market and their far value cannot be reliably measured, then they are classified as financial liabilities measured at cost on balance sheet and carried at cost as at the reporting date.

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.

(7) 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.

(8) 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 condition are accounted for as follows:

Raw materials - Purchase cost on a weighted average basis

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

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

Starting from 1 January 2018, rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(9) Investments accounted for under the equity method

The investment in a subsidiary is according to "Rule Governing the Preparation of Financial Statements 21 by Securities Issuers". Therefore, profit for the year and other comprehensive income for the year reported in the parent company only financial statements, shall be equal to profit for the year and other comprehensive income attributable to owners of the parent reported in the consolidated financial statements, equity reported in the parent company only financial statements shall be equal to equity attributable to owners of parent reported in the consolidated financial statements. According to IFRS 10 — Consolidated Financial Statements , agreeing with the amount of net income, other comprehensive income and equity attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the heading of investments accounted for using equity method, share of profits of subsidiaries and associates and share of other comprehensive income of subsidiaries and associates in the parent company only financial statements.

The Company's investment in its associate is accounted for under 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 an investment in 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 joint venture. After the interest in the associate or 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 joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

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 affects 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 on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or 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* (before 1 January 2018: IAS 39 *Financial Instruments: Recognition and Measurement*). If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or 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 accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

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.

(10) 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 basis over the estimated economic lives of the following assets:

Buildings	51~61 years
Machinery and equipment	4~9 years
Security equipment	6~20 years
Office equipment	4~11 years
Transportation equipment	4~7 years
Other equipment	6~20 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.

(11) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are measured using the cost model in accordance with the requirements of IAS 16 for that model, other than those that meet the criteria to be classified as held for sale (or are included in a disposal Company that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	9~61 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(12) Leases

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

Under a finance lease substantially all the risks and rewards incidental to legal ownership are transferred by the Company, and thus the lease payment receivable is treated by the Company as repayment of principal and finance income to reimburse and reward the Company for its investment and service.

The Company aims to allocate finance income over the lease term on a systematic and rational basis. This income allocation is based on a pattern reflecting a constant periodic return on the Company's net investment in the finance lease. Lease payments relating to the period, excluding costs for services, are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

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. Rental revenue generated from operating lease is recognized over the lease term using the straight line method. Contingent rents are recognized as revenue in the period in which they are earned.

(13) Intangible assets

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

The useful lives of intangible assets are assessed as either finite or indefinite.

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

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (3 to 5 years).

A summary of the policies applied to the Company's intangible assets is as follows:

	Computer software
Useful lives	Finite
Amortization method used	Amortized on a straight- line basis over the estimated useful life
Internally generated or acquired	Acquired

(14) 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 Companys 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.

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

(15) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

The liability to pay a levy is recognized progressively if the obligating event occurs over a period of time.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The accounting policy from 1 January 2018 as follow:

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 follow:

Sale of goods

The Company sells merchandise. 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 security system equipment and revenue is recognized based on the consideration stated in the contract, as they are not accompanied by volume or other types of discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 15 to 120 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 trade 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 some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

A. The Company provides system security services, corporate security guarding services, and cash deliver services. Services consideration is negotiated by contracts or orders, and provided based on contract periods. As the Group provides services over the contract period, the customers simultaneously receive and consume the benefits provided by the Group. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized by straight-line method over the contract period.

   For most of the contractual considerations of the Company, 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 contract liabilities. However, part of the contractual considerations of the Company are collected evenly throughout the contract periods. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets.

B. Most of the rendering of services contracts of the Company provide customized security system services based on customers' needs. The Company have the right to execute the considerations of services already completed. Therefore, revenue is recognized by the proportion of completion of rendering of services. The price of the rendering of services contracts are usually fixed and the contractual considerations are collected according to the schedule agreed with the customers. When the rendering of services provided by the Company exceed the customers' payment, the contract assets are recognized. However, if the customers' payments exceed the services provided by the Company. Contract liabilities should be recognized accordingly.

   The warranty provided by the Company is based on the assurance that the goods provided will operate as expected by the customer and is handled in accordance with International Accounting Standard 37.

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

The accounting policy before 1 January 2018 as follow:

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

Sale of goods

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

A. the significant risks and rewards of ownership of the goods have passed to the buyer;
B. neither continuing managerial involvement nor effective control over the goods sold have been retained;
C. the amount of revenue can be measured reliably;
D. it is probable that the economic benefits associated with the transaction will flow to the entity; and
E. the costs incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from security service is recognized by reference to the stage of completion. Stage of completion is measured by reference to the proportion that contract cost incurred for work performed to date bear to the estimated total contract costs. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are eligible to be recovered.

Interest income

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

Dividends

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

(18) 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.

(19) 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 and its domestic subsidiaries. Therefore, fund assets are not included in the Company's parent company only financial statements.

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

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

A. the date of the plan amendment or curtailment, and
B. the date that the 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.

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

(20) Income taxes

Income tax expense (income) 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 10% surtax on undistributed retained earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' 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 interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the 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.

(1) Judgment

In the process of applying the Company's accounting policies, management made the following judgments, which have the most significant effect on the amounts recognized in the parent company only financial statements:

A. Investment properties

Certain properties of the Company comprise a portion that is held to earn rentals or for capital appreciation and another portion that is owner-occupied. If these portions could be sold separately, the Company accounts for the portions separately as investment properties and property, plant and equipment. If the portions could not be sold separately, the property is classified as investment property in its entirety only if the portion that is owner-occupied is under 5% of the total property.

B. Operating lease commitment-Company as the lessor

The Company has entered into commercial property leases on its investment property portfolio. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties, and accounts for the contracts as operating leases.

(2) Estimates and assumptions

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

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash 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. 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.

C. 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 future salary increases. Please refer to Note 6 for more details.

D. 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 counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company 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 disclosure on unrecognized deferred tax assets of the Company as of December 31, 2018.

E. Accounts receivables–estimation of impairment loss

Starting from 1 January 2018:

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

Beforel January 2018:

The Company considers the estimation of future cash flows when there is objective evidence showed indications of impairment. The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. However, as the impact from the discounting of short-term receivables is not material, the impairment of short-term receivables is measured as the difference between the asset's carrying amount and the estimated undiscounted future cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31,	
	2018	2017
Petty cash	$5,940	$5,973
Checking and saving accounts	984,395	718,218
Total	$990,335	$724,191

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

	As of December 31,	
	2018	2017(Note)
Financial assets designated at fair value through profit or loss:		
Fund	$4,985	

	As of December 31,	
	2018	2017(Note)
Current	$4,985	
Non-current	-	
Total	$4,985	

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

Financial assets at fair value through profit or loss were not pledged.

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

	As of December 31,	
	2018	2017(Note)
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	$242,097	
Unlisted companies stocks	77,153	
Total	$319,250	
Current	$117,480	
Non-current	201,770	
Total	$319,250	

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

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

(4) Available-for-sale financial assets

	As of December 31,	
	2018(Note)	2017
Stocks		$301,079
Open-end funds		5,008
Valuation adjustment		(29,530)
Total		$276,557

	As of December 31,	
	2018(Note)	2017
Current		$114,487
Non-current		162,070
Total		$276,557

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

The Company adopted IAS 39 before 1 January 2018 and classified certain financial assets as available-for-sale financial assets. Available-for-sale financial assets were not pledged.

(5) Financial assets measured at cost

	As of December 31,	
	2018(Note)	2017
Available-for-sale financial assets		
Stocks		$100,000
Current		$-
Non-current		100,000
Total		$100,000

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

The Company adopted IAS 39 before 1 January 2018. The above investments in the equity instruments of unlisted entities are measured at cost as the fair value of these investments are not reliably measurable due to the fact that the variability in the range of reasonable fair value measurements is significant for that investment and that the probabilities of the various estimates within the range cannot be reasonably assessed and used when measuring fair value.

Capital deducted by cash of financial assets measured at cost in 2017 amounted to NT$7,650 thousand and recognized loss on disposal of investments amounted to NT$3,130 thousand.

The investment value of part of the Company's financial assets measured at cost has impaired, and the impairment loss recognized in 2017 amounted to NT$41,270 thousand.

Financial assets measured at cost were not pledged.

(6) Notes receivable

	As of December 31,	
	2018	2017
Notes receivables arising from operating activities	$187,992	$207,802
Less: loss allowance	-	-
Total	$187,992	$207,802

Notes receivable were not pledged.

The Company adopted IFRS 9 for impairment assessment since 1 January 2018. Please refer to Note 6 for more details on accumulated impairment. Please refer to Note 12 for more details on credit risk.

(7) Accounts receivable, accounts receivable from related parties, and long-term receivables

	As of December 31,	
	2018	2017
Accounts receivable	$479,819	$398,348
Less: loss allowance	(14,516)	(9,978)
Subtotal	465,303	388,370
Accounts receivable from related parties	100,705	89,411
Less: loss allowance	-	(5,937)
Subtotal	100,705	83,474
Long-term receivables	30,633	41,834
Less: loss allowance	-	-
Subtotal	30,633	41,834
Total	$596,641	$513,678

Accounts receivable were not pledged.

Accounts receivable are generally on 30-90 day terms. The Company adopted IFRS 9 for impairment assessment since 1 January 2018. Please refer to Note 6(21) for more details on impairment of trade receivables. The Company adopted IAS 39 for impairment assessment before 1 January 2018. The movements in the provision for impairment of accounts receivable and accounts receivable from related parties are as follows: (Please refer to Note 12 for more details on credit risk management.)

	Individually impaired	Collectively impaired	Total
As of January 1, 2017	$-	$22,150	$22,150
Charge (reversal) for the current period	5,937	6,400	12,337
Write off	-	(18,572)	(18,572)
As of December 31, 2017	$5,937	$9,978	$15,915

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

Aging analysis of accounts receivable, accounts receivable from related parties and long-term receivable that are past due as of the end of the reporting period but not impaired is as follows:

		Past due but not impaired				
As of	Neither past due nor impaired	<=90 days	91~180 days	181~365 days	>=366 days	Total
December 31, 2017	$494,293	$19,385	$-	$-	$-	$513,678

(8) Lease receivable

	As of December 31,			
	2018		2017	
	Current	Non-current	Current	Non-current
Lease receivable	$40,805	$122,446	$54,194	$137,009
Less: Unearned finance income on finance lease	(2,765)	(4,958)	(3,568)	(5,806)
Lease receivable, net	$38,040	$117,488	$50,626	$131,203

The expected recovery of the lease receivable is as follows:

	As of December 31,	
	2018	2017
Within one year	$40,805	$54,194
Over one year and within five years	120,397	135,036
Over five years	2,049	1,973
Total	$163,251	$191,203

(9) Inventories

	As of December 31,	
	2018	2017
Merchandise inventories	$92,255	$91,546

The cost of inventories recognized in expenses amounted to NT$433,449 thousand and NT$463,348 thousand for the year ended December 31, 2018 and 2017, respectively.

Inventory valuation losses were not recognized for the year ended December 31, 2018 and 2017.

Inventories were not pledged.

(10)Investments accounted for under the equity method

	As of December 31,			
	2018		2017	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Speed Investment Co., Ltd.	$2,503,980	100	$2,340,710	100
Lee Bao Security Co., Ltd.	1,047,468	100	1,040,790	100
Goyun Security Co., Ltd.	484,855	100	500,580	100
Chung Pao Tzu Tung Corporation	10,248	100	10,454	100
Goldsun Express Co., Ltd.	630,030	100	632,078	100
Kuo Hsing Security Co., Ltd.	514,633	84	510,271	84
Gowin Building Management and Maintenance Co., Ltd.	435,053	81	426,185	81
Aion Technology Inc.	165,401	74	147,909	74
Zhong Bao Insurance Broker Inc.	18,290	60	20,520	60
Lee Way Electronics Co., Ltd.	141,785	34	142,749	34
Lots Home Entertainment Co., Ltd.	70,425	21	82,016	21
TransAsia Catering Services Ltd.	814,093	67	805,382	67
SIGMU D.P.T. Company Ltd.	46,847	22	-	-
Subtotal	6,883,108		6,659,644	
Investments in associates:				
Goldsun Building Materials Co., Ltd.	1,478,222	6	1,495,322	6
TransAsia Airways Corp.	-	10	-	10
Tech Elite Holdings Ltd.	-	36	-	39
Yon Geng Healthcare Management Co., Ltd.	9,330	36	10,665	36
Anfeng Enterprise Co., Ltd.	13,570	30	13,385	30
Huaya Development Co., Ltd.	296,660	50	297,457	50
Subtotal	1,797,782		1,816,829	
Total	$8,680,890		$8,476,473	

Details of other liabilities, non-current are as follows:

	As of December 31,			
	2018		2017	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Taiwan Video System Co., Ltd.	$(1,487)	36	$(14,732)	39
Total	$(1,487)		$(14,732)	

A. Investments in subsidiaries

Investments in subsidiaries was accounted for investment accounted for under equity method when preparing the parent company only financial statements. The differents of accounting treatment are adjuted. One of subsidiaries-Taiwan Video System Co., Ltd. had credit balance and classified under non-current liabilities.

B. Investments in associates

The Company possessed less than 20% of ownership of Goldsun Building Material Co., Ltd.. However, the chairman of the board of the Company and Goldsun Building Materials Co., Ltd. are the same. As such, the significant influence of the Company over the Goldsun Building Materials Co., Ltd. was presumed to exist, and the investments were accounted for using the equity method.

On January 11, 2017, the shareholders meeting of TransAsia Airways Corp., which is the Company's investee recognized in investments accounted for under the equity method, approved the liquidation proposal. Full impairment loss has been provided to the related balance of investments accounted for under the equity method after assessing the impairment test in 2016.

Information on the material associate of the Company:

Company name: Goldsun Building Materials Co., Ltd.

Nature of the relationship with the associate: The chairman of the board of the Company and Goldsun Building Materials Co., Ltd. are the same.

Principal place of business (country of incorporation): Taiwan

Fair value of the investment in the associate when there is a quoted market price for the investment: Goldsun Building Materials Co., Ltd. is listed on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Goldsun Building Materials Co., Ltd. is NT$751,359 thousand and NT$878,084 thousand, as of December 31, 2018 and 2017, respectively.

Reconciliation of the associate's summarized financial information presented to the carrying amount of the Company's interest in the associate:

The summarized financial information of the associate is as follows:

	As of December 31,	
	2018	2017
Current assets	$12,529,732	$11,334,642
Non-current assets	23,179,348	23,371,660
Current liabilities	(11,021,908)	(9,675,201)
Non-current liabilities	(4,106,880)	(3,911,096)
Equity	20,580,292	21,120,005
Non-controlling interests	(1,097,997)	(1,437,503)
Shareholders of the parent	19,482,295	19,682,502
Proportion of the Company's ownership	6.49%	6.49%
Subtotal	1,264,401	1,277,394
Goodwill	222,792	222,792
Others	(8,971)	(4,864)
Carrying amount of the investment	$1,478,222	$1,495,322

	For the years ended December 31,	
	2018	2017
Operating revenue	$18,644,806	$16,413,796
Profit or loss from continuing operations	591,187	2,868,733
Other comprehensive income	(29,426)	(247,068)
Total comprehensive income	$561,761	$2,621,665

The Company's investments in other companies are not individually material. The aggregate carrying amount of the Company's interests in other companies is NT$319,560 thousand. The aggregate financial information based on Company's share of other companies is as follows:

	For the years ended December 31,	
	2018	2017
Profit or loss from continuing operations	$(1,047)	$(1,213)
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$(1,047)	$(1,213)

The associates had no contingent liabilities or capital commitments as of December 31, 2018 and 2017.

The investment value of part of the Company's investments accounted for under the equity method has impaired, and the impairment loss recognized in 2018 and 2017 amounted to NT$9,879 thousand and NT$51,018 thousand, respectively. The assessment of the impairment loss is mainly due to the fact that management evaluates the recoverable value of part of subsidiaries is lower than net equity and the recoverable amounts of the investment in the associates cannot be recovered and investment cost or salable price drops significantly due to the passage of the liquidation proposal. Therefore, the impairment loss needs be recognized in the statement of comprehensive income.

(11) Property, plant and equipment

	Land and land Improvements	Buildings	Machinery and equipment	Security equipment	Office equipment	Transportation equipment	Other equipment	Total
Cost:								
As of January 1, 2018	$1,434,715	$909,530	$328,767	$8,578,652	$488,442	$212,535	$855,145	$12,807,786
Additions	-	-	10,710	649,033	12,126	21,959	20,339	714,167
Disposals	-	-	(19,321)	(620,729)	(12,547)	(14,217)	(197,596)	(864,410)
Other changes	-	-	-	41,411	-	-	-	41,411
As of December 31, 2018	$1,434,715	$909,530	$320,156	$8,648,367	$488,021	$220,277	$677,888	$12,698,954
As of January 1, 2017	$1,434,715	$816,518	$335,325	$8,263,886	$448,510	$201,958	$698,997	$12,199,909
Additions	-	93,012	2,743	680,938	57,113	23,709	156,393	1,013,908
Disposals	-	-	(9,301)	(455,649)	(17,181)	(13,132)	(245)	(495,508)
Other changes	-	-	-	89,477	-	-	-	89,477
As of December 31, 2017	$1,434,715	$909,530	$328,767	$8,578,652	$488,442	$212,535	$855,145	$12,807,786
Depreciation and impairment:								
As of January 1, 2018	$-	$184,930	$311,173	$6,059,837	$394,714	$135,426	$536,155	$7,622,235
Depreciation	-	17,343	6,502	736,627	31,664	25,828	74,320	892,284
Disposals	-	-	(19,224)	(605,356)	(12,015)	(13,116)	(189,463)	(839,174)
As of December 31, 2018	$-	$202,273	$298,451	$6,191,108	$414,363	$148,138	$421,012	$7,675,345
As of January 1, 2017	$-	$168,651	$313,325	$5,790,747	$380,568	$117,929	$461,928	$7,233,148
Depreciation	-	16,279	6,997	724,161	31,168	29,826	74,472	882,903
Disposals	-	-	(9,149)	(455,071)	(17,022)	(12,329)	(245)	(493,816)
As of December 31, 2017	$-	$184,930	$311,173	$6,059,837	$394,714	$135,426	$536,155	$7,622,235
Net carrying amount as of:								
December 31, 2018	$1,434,715	$707,257	$21,705	$2,457,259	$73,658	$72,139	$256,876	$5,023,609
December 31, 2017	$1,434,715	$724,600	$17,594	$2,518,815	$93,728	$77,109	$318,990	$5,185,551

The major components of the buildings are main building structure, air conditioning and elevators, which are depreciated over 51 years, 6 years and 16 years, respectively.

Property, plant and equipment were not pledged.

(12) Investment property

	Land	Buildings	Total
Cost:			
As of January 1, 2018	$275,593	$8,130	$283,723
Additions	-	-	-
As of December 31, 2018	$275,593	$8,130	$283,723
As of January 1, 2017	$275,593	$8,130	$283,723
Additions	-	-	-
As of December 31, 2017	$275,593	$8,130	$283,723
Depreciation and impairment:			
As of January 1, 2018	$-	$917	$917
Depreciation	-	227	227
As of December 31, 2018	$-	$1,144	$1,144
As of January 1, 2017	$-	$691	$691
Depreciation	-	226	226
As of December 31, 2017	$-	$917	$917
Net carrying amount as of:			
December 31, 2018	$275,593	$6,986	$282,579
December 31, 2017	$275,593	$7,213	$282,806

	For the years ended December 31,	
	2018	2017
Rental income from investment property	$3,875	$2,755
Less：Direct operating expense generated from rental income of investment property	(227)	(226)
	$3,648	$2,529

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$290,457 thousand and NT$312,123 thousand as of December 31, 2018 and 2017, respectively. The fair value has been determined based on valuations performed by an independent valuer. The valuation method used are comparison approach and cost approach which supporting by market evidence, and the inputs used, capital interest rates and weighted average rates, are 3.67%, 2.00% and 3.96%, 2.00%, respectively.

(13) Intangible assets

	Computer software
Cost:	
As of January 1, 2018	$175,003
Addition-acquired separately	42,357
Reach amortized life	(56,734)
As of December 31, 2018	$160,626
As of January 1, 2017	$164,600
Addition-acquired separately	58,475
Reach amortized life	(48,072)
As of December 31, 2017	$175,003
Amortization and impairment:	
As of January 1, 2018	$94,036
Amortization	50,127
Reach amortized life	(56,734)
As of December 31, 2018	$87,429
As of January 1, 2017	$89,513
Amortization	52,595
Reach amortized life	(48,072)
As of December 31, 2017	$94,036
Net carrying amount as of:	
December 31, 2018	$73,197
December 31, 2017	$80,967

Recognized as amortized amount of intangible assets are as follows.

	2018	2017
Operating costs	$7,699	$7,915
Operating expenses	$42,428	$44,680

(14) Short-term loans

	Interest Rates (%)	As of December 31, 2018	2017
Unsecured bank loans	0.51%-0.78%	$2,350,000	$2,200,000

The Company's unused short-term lines of credits amount to NT$750,000 thousand and NT$1,200,000 thousand as of December 31, 2018 and 2017, respectively.

(15) Advanced receipts

	As of December 31, 2018(Note)	2017
Advanced from security service fee		$915,167
Advanced from security system fee		93,357
Others advanced		333
Total		$1,008,857

Note: The Company adopted IFRS 15 since 1 January 2018. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 15.

(16) Long-term loans

Details of long-term loans are as follows:

Lenders	As of December 31, 2018	Interest Rates (%)	Maturity date and terms of repayment
Unsecured Long-term Loan from Bank of Tokyo Mitsubishi UFJ	$110,000	0.88%~1.2%	Loan starting March 25, 2016 till March 25, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Unsecured Long-term Loan from Bank of Tokyo Mitsubishi UFJ	144,000	0.88%~1.2%	Loan starting May 13, 2016 till May 13, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Unsecured Long-term Loan from Bank of Tokyo Mitsubishi UFJ	280,000	0.70%~1.55%	Loan starting May 18, 2017 till May 18, 2022; repayment every 6 months after 6 months of borrowing; interest paid every 3 months.
Unsecured Long-term Loan from Sumitomo Mitsui Banking Corporation	500,000	1.08%	Loan starting March 24, 2016 till March 22, 2019; the repayment will be due in a lump-sum payment on the expiration of the term; interest paid monthly.
Subtotal	1,034,000		
Less: current portion	(684,000)		
Total	$350,000		

Lenders	As of December 31, 2017	Interest Rates (%)	Maturity date and terms of repayment
Unsecured Long-term Loan from Bank of Tokyo Mitsubishi UFJ	$158,000	0.88%~1.2%	Loan starting March 25, 2016 till March 25, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Unsecured Long-term Loan from Bank of Tokyo Mitsubishi UFJ	200,000	0.85%~1.2%	Loan starting May 13, 2016 till May 13, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Unsecured Long-term Loan from Bank of Tokyo Mitsubishi UFJ	360,000	0.70%~1.55%	Loan starting May 18, 2017 till May 18, 2022; repayment every 6 months after 6 months of borrowing; interest paid every 3 months.
Unsecured Long-term Loan from Sumitomo Mitsui Banking Corporation	500,000	1.08%	Loan starting March 24, 2016 till March 22, 2019; the repayment will be due in a lump-sum payment on the expiration of the term; interest paid monthly.
Subtotal	1,218,000		
Less: current portion	(184,000)		
Total	$1,034,000		

(17) Guarantee deposits

	As of December 31, 2018	As of December 31, 2017
Performance security deposit	$432,560	$417,589
Security line deposit	152,452	158,681
Total	$585,012	$576,270

(18) Post-employment benefits

Defined contribution plan

The Company adopt 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 have made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2018 and 2017 are NT$53,240 thousand and NT$50,240 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15^{th} year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company 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 invested in-house or under mandation, 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$27,771 thousand to its defined benefit plan during the 12 months beginning after December 31, 2018.

The average duration of the defined benefits plan obligation are 10 years as of December 31, 2018 and 2017.

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

	For the years ended December 31,	
	2018	2017
Current period service costs	$41,310	$44,537
Interest expense (income) of net defined benefit liabilities (assets)	19,184	18,632
Total	$60,494	$63,169

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

	As of December 31,	
	2018	2017
Defined benefit obligation	$1,359,933	$1,368,625
Plan assets at fair value	(50,248)	(63,599)
Other non-current liabilities – Net defined benefit liabilities recognized on the balance sheets	$1,309,685	$1,305,026

Reconciliation of liability of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As of January 1, 2017	$1,384,283	$(142,126)	$1,242,157
Current period service costs	44,537	-	44,537
Net interest expense (income)	20,764	(2,132)	18,632
Subtotal	65,301	(2,132)	63,169
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(3,860)	-	(3,860)
Actuarial gains and losses arising from changes in financial assumptions	5,284	-	5,284
Experience adjustments	44,299	392	44,691
Subtotal	45,723	392	46,115
Payments from the plan	(126,682)	126,682	-
Contributions by employer	-	(46,415)	(46,415)
As of December 31, 2017	1,368,625	(63,599)	1,305,026
Current period service costs	41,310	-	41,310
Net interest expense (income)	20,119	(935)	19,184
Subtotal	61,429	(935)	60,494
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(34,700)	-	(34,700)
Actuarial gains and losses arising from changes in financial assumptions	65,035	-	65,035
Experience adjustments	32,581	(3,088)	29,493
Subtotal	62,916	(3,088)	59,828
Payments from the plan	(133,037)	133,037	-
Contributions by employer	-	(115,663)	(115,663)
As of December 31, 2018	$1,359,933	$(50,248)	$1,309,685

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

	As of December 31,	
	2018	2017
Discount rate	1.09%	1.47%
Expected rate of salary increases	1.00%	1.00%

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

	Effect on the defined benefit obligation			
	2018		2017	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.5%	$-	$ 82,285	$-	$83,498
Discount rate decreases by 0.5%	91,499	-	93,034	-
Future salary increases by 0.5%	91,110	-	93,005	-
Future salary decreases by 0.5%	-	82,743	-	84,261

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.

(17) Equity

A. Common stock

The Company's authorized and issued capital were both NT$5,000,000 thousand and NT$4,511,971 thousand, and divided into 451,197,093 shares at NT$10 par value, as of December 31, 2018 and 2017. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of December 31,	
	2018	2017
Additional paid-in capital	$40,387	$40,387
Treasury share transactions	586,437	547,464
Changes in net assets of associates and joint ventures accounted for under the equity method	95,129	103,483
Donated surplus	2,959	-
Total	$724,912	$691,334

According to the Company Act, the capital reserve shall not be used except for filling 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 shareholders in proportion to the number of shares being held by each of them.

C. Treasury stock

As of December 31, 2018 and 2017, the Company's shares held by the subsidiaries were NT$288,389 thousand, and the number of the Company's shares held by subsidiaries were 10,273,805 shares. These shares held by subsidiaries were acquired for the purpose of financing before the amendment of the Company Act on November 12, 2001.

D. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, the Company's annual earnings, if any, shall be distributed as follows:

a. Payment of all taxes and dues;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items a. and b. as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The growth potential of the Company's business environment remains. The Company would, therefore, focus on the economic environment to pursue perpetual operation and long-term development. As a result, the earnings distribution proposal made by the Board of Directors should reflect the stability and growth of the dividends. Distribution shall be made by way of cash dividend and stock dividend, with at least 10% of cash dividend.

According to the Company Act, a company needs distribute the legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to fill the deficit of a company. When a company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital, by issuing new shares or by distributing cash in proportion to the number of shares held by each shareholder.

When distributing earnings, the Company was obligated to set a special reserve for other net equity deductions, a reserve that can be distributed after the reversal of such deductions. The Company has appropriated the NT$66,396 thousand special reserve to undistributed earnings. As of December 31, 2018 and 2017, the special reserve were NT$131,578 thousand and NT$65,182 thousand, respectively.

Details of the 2018 and 2017 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 22, 2019 and June 22, 2018, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2018	2017	2018	2017
Legal reserve	$204,683	$220,558		
Special reserve	39,220	66,396		
Common stock-cash dividend	1,804,788	1,804,788	$4	$4
Total	$2,048,691	$2,091,742		

Please refer to Note 6(23) for further details on employees' compensation and remuneration to directors and supervisors.

E. Capital surplus cash dividend

The shareholders' meeting resolved cash dividend NT$225,599 thousand of capital surplus by additional paid-in capital and dividend per share at NT$0.5 on June 22, 2018.

(20) Operating revenue

	For the years ended December 31,	
	2018	2017
Revenue from contracts with customers		
Sale of goods revenue	$651,067	(Note1)
Rendering of service revenue	6,258,279	(Note1)
Electronic engineering revenue	(Note2)	$1,151,707
Electronic service revenue	(Note2)	5,574,397
Rendering of service revenue	(Note2)	263,533
Total	$6,909,346	$6,989,637

Note1: The Company has adopted IFRS 15 from 1 January 2018. The Company elected to apply the standard retrospectively by recognizing the cumulative effect of initially applying the standard at the date of initial application (1 January 2018).

Note2: The Company adopted IFRS 15 since 1 January 2018. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 15.

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

A. Disaggregation of revenue

	Electronic System
Sale of goods	$651,067
Rendering of services	6,258,279
Total	$6,909,346

Timing of revenue recognition:	
At a point in time	$651,067
Over time	6,258,279
Total	$6,909,346

B. Contract balances

a. Contract assets – current

	Beginning balance	Ending balance	Difference
Rendering of services	$35,397	$30,170	$(5,227)
Total	$35,397	$30,170	$(5,227)

Contract assets have decreased during 2018 as the Company obtained an unconditional right to receive the consideration during the period transferred to trade receivables at the reporting date. Please refer to Note 6(21) for more details on the impairment impact.

b. Contract liabilities – current

	Beginning balance	Ending balance	Difference
Rendering of services	$1,008,524	$1,134,977	$126,453
Total	$1,008,524	$1,134,977	$126,453

Contract liabilities have increased during 2018 as increase in the amount of bills received due to contracts with customers increased, resulting in recognizing as contract liabilities during the period.

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to NT$1,134,977 thousand as at December 31, 2018 will be recognized during 2019 financial year.

D. Assets recognized from costs to fulfil a contract

None.

(21) Expected credit losses

	Period ended 31 Dec.	
	2018	2017 (note)
Operating expenses – Expected credit losses		
Contract assets	$-	
Trade receivables	11,300	
Total	$11,300	

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

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

The Company measures the loss allowance of its contract assets and trade receivables (including notes receivable, accounts receivable, long-term receivables and lease payment receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2018 is as follow:

A. The gross carrying amount of contract asset is NT$30,170 thousand, its loss allowance amounting to NT$0 thousand which is measured at expected credit loss ratio of 0%.

B. The Company considers the Companying of trade 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 follow:

Group 1		Overdue					
	Not yet due (note)	1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	Total
Gross carrying amount	$880,219	$54,808	$7,594	$1,619	$2,890	$7,547	$954,677
Loss ratio	0-2%	2-10%	10-20%	20-30%	30-50%	50-90%	
Lifetime expected credit losses	(2,343)	(1,798)	(1,375)	(534)	(1,207)	(7,259)	(14,516)
Total	$877,876	$53,010	$6,219	$1,085	$1,683	$288	$940,161

Note: The Company's notes receivable, lease payment receivables, and long-term receivables are not overdue.

The movement in the loss allowance of trade receivables during the period ended 31 December 2018 is as follows:

	Trade receivables	Note receivables	Others (Note)
Beginning balance (in accordance with IAS 39)	$15,915	$-	$-
Transition adjustment to retained earnings	-	-	-
Beginning balance (in accordance with IFRS 9)	15,915	-	-
Addition/(reversal) for the current period	11,300	-	-
Write off	(12,699)	-	-
Ending balance	$14,516	$-	$-

Note: Others contain long-term receivables and lease payment receivables.

(22) Operating leases

A. Operating lease commitments - Company as lessee

The Company has entered into commercial leases on office and dormitories. 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, 2018 and 2017, are as follows:

	As of December 31,	
	2018	2017
Within one year	$170,780	$165,545
Over one year but within five years	99,717	210,402
Over five years	-	136
Total	$270,497	$376,083

Operating lease expenses recognized are as follows:

	For the years ended December 31,	
	2018	2017
Minimum lease payments	$101,239	$96,438

B. Operating lease commitments - Company as lessor

The Company has entered into commercial property leases with one to five years remaining terms. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

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

	As of December 31,	
	2018	2017
Within one year	$14,237	$12,272
Over one year but within five years	15,100	17,976
Over five years	-	-
Total	$29,337	$30,248

The contingent rent recognized as income amounted to NT$54,372 thousand and NT$57,461 thousand for the years ended December 31, 2018 and 2017, respectively.

(23) Summary statement of employee benefits, depreciation and amortization expenses by function during the years ended December 31, 2018 and 2017:

	For the years ended December 31,					
	2018			2017		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$975,030	$899,522	$1,874,552	$925,704	$932,277	$1,857,981
Labor and health insurance	86,333	77,844	164,177	83,811	79,326	163,137
Pension	60,915	52,819	113,734	60,258	53,151	113,409
Remuneration to directors	-	97,239	97,239	-	105,091	105,091
Other employee benefits expense	31,514	23,316	54,830	30,146	24,645	54,791
Depreciation	771,854	120,657	892,511	768,714	114,415	883,129
Amortization	7,699	42,428	50,127	7,915	44,680	52,595

The headcount of the Company were 2,563 and 2,756, including 11 and 11 non-employee directors for the years ended December 31, 2018 and 2017, respectively.

According to the Articles of Incorporation, no less than 1% of profit of the current year is distributable as employees' compensation and no higher than 4% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended December 31, 2018, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2018 to be 1% of profit of the current year and 4% of profit of the current year, respectively, recognized as employee benefits expense. As such, employees' compensation and remuneration to directors for the year ended December 31, 2018 amount to NT$24,310 thousand and NT$97,239 thousand, respectively and recognized as salaries expense.

A resolution was passed at a Board of Directors meeting held on March 22, 2019 to distribute NT$24,356 thousand and NT$97,423 thousand in cash as employees' compensation and remuneration to directors of 2018, respectively.

No material differences exist between the estimated amount and the actual distribution of NT$25,495 thousand and NT$101,980 thousand in cash as the employees' compensation and remuneration to directors for the year ended December 31, 2017.

(24) Non-operating income and expenses

A. Other income

	For the years ended December 31,	
	2018	2017
Rental income	$54,372	$57,461
Interest income (Note)		2,362
Cash in banks	2,571	
Dividend income	9,186	14,024
Total	$66,129	$73,847

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

B. Other gains and losses

	For the years ended December 31,	
	2018	2017
(Loss) gains on disposal of property, plant and equipment	$(7,861)	$823
Gains on disposal of investments	-	(3,130)
Foreign exchange loss, net	4	116
Impairment losses		
Financial assets measured at cost	-	(41,270)
Investments accounted for under the equity method	(9,879)	(51,018)
Loss of financial assets measured at fair value through profit or loss(Note)	(152)	-
Miscellaneous loss	(7,342)	(12,154)
Total	$(25,230)	$(106,633)

C. Finance costs

	For the years ended December 31,	
	2018	2017
Interest on borrowings from bank	$26,946	$25,206
Interest for deposits received	10	131
Total finance costs	$26,956	$25,337

(25) Components of other comprehensive income

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	$(59,828)	$-	$(59,828)	$8,010	$(51,818)
Unrealized gains on financial assets at fair value through other comprehensive income	(34,880)	-	(34,880)	-	(34,880)
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	(19,667)	-	(19,667)	-	(19,667)
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	41,597	-	41,597	-	41,597
Total of other comprehensive (loss) income	$(72,778)	$-	$(72,778)	$8,010	$(64,768)

For the year ended December 31, 2017

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(46,115)	$-	$(46,115)	$4,703	$(41,412)
Share of other comprehensive loss of associates and joint ventures accounted for under the equity method	3,948	-	3,948	-	3,948
To be reclassified to profit or loss in subsequent periods:					
Unrealized gains or losses from available-for-sale financial assets	13,273	-	13,273	-	13,273
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(79,669)	-	(79,669)	-	(79,669)
Total of other comprehensive (loss) income	$(108,563)	$-	$(108,563)	$4,703	$(103,860)

(26) 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 (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2018	2017
Current income tax expense (income):		
Current income tax charge	$313,180	$203,294
Adjustments in respect of current income tax of prior periods	(8,102)	11,594
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	6,989	(2,818)
Deferred tax expense (income) relating to changes in tax rate or the imposition of new taxes	(44,863)	-
Total income tax expense (income)	$267,204	$212,070

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2018	2017
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$(8,010)	$(4,703)

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

	For the years ended December 31,	
	2018	2017
Accounting profit before tax from continuing operations	$2,314,032	$2,417,637
Tax at the domestic rates applicable to profits in the country concerned (2018: 20%; 2017: 17%)	$462,806	$410,998
Tax effect of revenues exempt from taxation	(145,860)	(163,143)
Investment tax credit	-	(1,430)
Tax effect of deferred tax assets / liabilities	(4,413)	2,159
10% surtax on unappropriated retained earnings	7,636	-
Adjustments in respect of current income tax of prior periods	(8,102)	11,594
Others	(44,863)	(48,108)
Total income tax expense recognized in profit or loss	$267,204	$212,070

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2018

	Beginning balance as of January 1, 2018	Deferred tax income (expense) recognized in profit or loss	Tax rate change impact recognized in profit and loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2018
Temporary differences					
Unrealized bad debt expense	$1,359	$(314)	$240	$-	$1,285
Depreciation difference for tax purpose	9,853	(55)	1,738	-	11,536
Compensated absences	6,080	-	1,073	-	7,153
Decommissioning costs	1,224	-	216	-	1,440
Impairment losses	106,263	-	18,752	-	125,015
Defined benefit liabilities, non-current	134,151	(6,620)	22,844	8,010	158,385
Deferred tax (expense)/income		$(6,989)	$44,863	$8,010	
Net deferred tax assets/(liabilities)	$258,930				$304,814
Reflected in balance sheet as follows:					
Deferred tax assets	$258,930				$304,814

For the year ended December 31, 2017

	Beginning balance as of January 1, 2017	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2017
Temporary differences				
Unrealized bad debt expense	$2,344	$(985)	$-	$1,359
Depreciation difference for tax purpose	9,289	564	-	9,853
Compensated absences	6,080	-	-	6,080
Decommissioning costs	1,224	-	-	1,224
Impairment losses	106,263	-	-	106,263
Defined benefit liabilities, non-current	126,209	3,239	4,703	134,151
Deferred tax (expense)/income		$2,818	$4,703	
Net deferred tax assets/(liabilities)	$251,409			$258,930
Reflected in balance sheet as follows:				
Deferred tax assets	$251,409			$258,930

Unrecognized deferred tax assets

As of December 31, 2018 and 2017, deferred tax assets that have not been recognized amount to NT$147,264 thousand and NT$124,857 thousand, respectively.

The assessment of income tax returns

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

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2016	-

(27) Earnings per share

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

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

	For the years ended December 31,	
	2018	2017
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$2,046,828	$2,205,567
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	440,923	440,923
Basic earnings per share (NT$)	$4.64	$5.00

	For the years ended December 31,	
	2018	2017
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$2,046,828	$2,205,567
Employee bonus (in thousands)	-	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	$2,046,828	$2,205,567
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	440,923	440,923
Effect of dilution:		
Employee bonus-stock (in thousands)	276	278
Weighted average number of ordinary shares outstanding after dilution (in thousands)	441,199	441,201
Diluted earnings per share (NT$)	$4.64	$5.00

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.

7. Related party transactions

Information of the related parties that has transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Related Party Name	The Relationship with The Company
SECOM Co., Ltd.	The Company's director
Wellchang Interior Design and Decoration Co., Ltd.	The chairman of this company is the relative within second degree of kinship of the Company's chairman
CPMI Corporation	The chairman of this company is the relative within second degree of kinship of the Company's chairman
Cheng-Shin Investment Company	Director of this company is the spouse of the Company's chairman

Related Party Name	The Relationship with The Company
Speed Investment Co., Ltd.	Subsidiary
Lee Bao Security Co., Ltd.	Subsidiary
Goyun Security Co., Ltd.	Subsidiary
Chung Pao Tzu Tung Corporation	Subsidiary
Goldsun Express & Logistics Co., Ltd	Subsidiary
Kuo Hsing Security Co., Ltd.	Subsidiary
Gowin Building Management and Maintenance Co., Ltd.	Subsidiary
Aion Technology Inc.	Subsidiary
Zhong Bao Insurance Broker Inc.	Subsidiary
Taiwan Video System Co., Ltd.	Subsidiary
Lee Way Electronics Co., Ltd.	Subsidiary
Lots Home Entertainment Co., Ltd.	Subsidiary
TransAsia Catering Services Ltd.	Subsidiary
Titan Star International Co., Ltd.	Subsidiary
Gowin Security Co., Ltd.	Subsidiary
SVS Corporation	Subsidiary
Lee Bao Technology Co., Ltd.	Subsidiary
Baby Boss Co., Ltd.	Subsidiary
Goldsun Express Ltd.	Subsidiary
LITENET Corporation	Subsidiary
CHOPPA Tech Co., Ltd.	Subsidiary
Goyun Science and Technology Co., Ltd.	Subsidiary
Comlink Fire Systems Inc.	Subsidiary
SIGMU D.P.T. Co., Ltd.	Subsidiary
Zhong Bao Lease Co., Ltd.	Subsidiary
Lee Yuan Biomedical Co., Ltd.	Subsidiary
Goyun Parking Co., Ltd.	Subsidiary
Zhan Food Team Inc.	Subsidiary
Goldsun Holiday Co., Ltd.	Subsidiary
Goldsun Building Materials Co., Ltd.	Investee company investments accounted for under the equity method
TransAsia Airways Corp.	Investee company investments accounted for under the equity method
Yon Geng Healthcare Management Co., Ltd.	Investee company investments accounted for under the equity method
Anfeng Enterprise Co., Ltd.	Investee company investments accounted for under the equity method
Wellpool Co., Ltd.	Subsidiary of investee company investments accounted for under the equity method
Sanwa Company Rs Taiwan Ltd.	Subsidiary of investee company investments accounted for under the equity method
Kunyung Construction and Engineering Co., Ltd.	Subsidiary of investee company investments accounted for under the equity method
Legend Travel Service, Ltd.	Subsidiary of investee company investments accounted for under the equity method
eSkylink Inc.	Investee company investments accounted for under the equity method
Shin Lan Enterprise Inc.	Substantive related party
Azure International Holdings Taiwan	Substantive related party

Significant transactions with related parties

(1) Sales

	For the years ended December 31,	
	2018	2017
Subsidiaries	$203,253	$250,094
Associates	182,777	203,781
Other related parties	42	42
Total	$386,072	$453,917

The selling price to the above related parties was determined through mutual agreement based on the market rates. The collection period for domestic sales to related parties was month-end 30~90 days, while for third party domestic sales was month-end 30~90 days. The outstanding balance at every year end was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(2) Costs

	For the years ended December 31,	
	2018	2017
Entity with joint control or significant influence over the Company	$8,187	$7,814
Subsidiaries	454,099	503,040
Associates	790	489
Other related parties	693	600
Total	$463,769	$511,943

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 between 2-3 months.

(3) Accounts receivable from related parties

	As of December 31,	
	2018	2017
Subsidiaries	$37,567	$29,628
Associates		
Anfeng Enterprise Co., Ltd.	61,255	50,297
Others	1,827	9,486
Subtotal	63,082	59,783
Other related parties	56	-
Total	100,705	89,411
Less: allowance for doubtful debts	-	(5,937)
Net	$100,705	$83,474

(4) Trade and other payables to related parties

	As of December 31,	
	2018	2017
Entity with joint control or significant influence over the Company	$1,485	$2,658
Subsidiaries		
Titan Star International Co., Ltd.	49,078	71,293
Aion Technology Inc.	30,473	32,000
Others	14,610	12,055
Subtotal	94,161	115,348
Associates		
Kunyung Construction and Engineering Co., Ltd.	-	1,876
Others	400	906
Subtotal	400	2,782
Other related parties	-	-
Total	$96,046	$120,788

(5) Lease expenditure

	For the years ended December 31,	
	2018	2017
Subsidiaries	$16,624	$14,481
Associates	-	-
Other related parties	15,021	15,705
Total	$31,645	$30,186

The lease deposits to related parties amounts to NT$33,164 thousand and NT$34,581 thousand as of December 31, 2018 and 2017.

(6) Property transactions

The Company has purchased electronic anti-theft equipment and electronic anti-fire equipment, which were recognized as property plant and equipment:

	As of December 31,	
	2018	2017
Entity with joint control or significant influence over the Company	$14,720	$15,509
Subsidiaries	118,699	138,112
Total	$133,419	$153,621

(7) Joint technological development

The Company has signed joint development contract for electronic anti-fire, anti-thief and anti-calamity security systems with the entity with joint control or significant influence over the Company. The development expense was calculated in proportion of annual net sales deducted by related cost. The development expense was NT$47,576 thousand and NT$44,270 thousand for the years ended December 31, 2018 and 2017, respectively. The development expense payable was NT$20,681 thousand and NT$18,431 thousand for the years ended December 31, 2018 and 2017, respectively, which was recognized as other payables.

(8) Key management personnel compensation

	For the years ended December 31,	
	2018	2017
Short-term employee benefits	$215,683	$197,638
Post-employment benefits	1,935	1,789
Total	$217,618	$199,427

8. Assets pledged as security

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

	Carrying amount		
Assets pledged for security	December 31, 2018	December 31, 2017	Secured liabilities
Other noncurrent assets	$11,500	$11,500	Oil passbook guarantee

9. Commitments and contingencies

None.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial assets	As of December 31,	
	2018	2017
Financial assets designated at fair value through profit or loss	$4,985	(Note1)
Financial assets at fair value through other comprehensive income	319,250	(Note1)
Available-for-sale financial assets: (Note2)		
Measured at fair value - current	(Note1)	$114,487
Measured at fair value - noncurrent	(Note1)	162,070
Measured at cost - noncurrent	(Note1)	100,000
Subtotal	-	376,557
Financial assets measured at amortized cost (Note3)	2,152,530	(Note1)
Loans and receivables:		
Cash and cash equivalents (exclude cash on hand)	(Note1)	718,218
Trade receivables	(Note1)	903,309
Refundable deposits	(Note1)	225,856
Subtotal	-	1,847,383
Total	$2,476,765	$2,223,940

Financial liabilities	As of December 31,	
	2018	2017
Financial liabilities at amortized cost:		
Short-term loans	$2,350,000	$2,200,000
Trade and other payables	1,069,240	1,139,721
Long-term loans	1,034,000	1,218,000
Guarantee deposits	585,012	576,270
Total	$5,038,252	$5,133,991

Note:

1. The Company adopted IFRS 9 since 1 January 2018. The Company elected not to restate prior periods in accordance with the transition provision in IFRS 9.
2. December 31, 2017 contains measured at cost.
3. Contains cash and cash equivalents, financial assets measured at amortized cost, trade receivables, and refundable deposits.

(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 activates. 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 and Audit Committee 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 of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risk includes currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable. In other words, there is usually interdependencies between risk variables. However 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) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, and the amounts are usually insignificant, therefore natural hedge is received. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

Because non-functional currency transaction price of the company is tiny, currency risk doesn't have significant influence.

Interest rate risk

Interest rate risk is the risk that the fair value of 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 loans and receivables at floating interest rates, bank borrowings with fixed interest rates and floating interest rates.

The Company manages its interest rate risk by maintaining a balanced portfolio of fixed and floating interest loans and debts, along with interest rate swaps. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items assumed to be possessed for a fiscal year and exposed to interest rate risk as of the end of the reporting period, including borrowings with floating interest rates. The analysis indicates that when the interest rates increase / decrease by ten basis points, the Company's profit would decrease / increase by NT$3,240 thousand and NT$2,754 thousand for the years ended December 31, 2018 and 2017, respectively.

Equity price risk

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 equity securities are classified under held for trading financial assets or available-for-sale financial assets, while unlisted equity securities are classified as available-for-sale financial assets. 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.

As of December 31, 2018 and 2017, a decrease of 10% in the price of the listed equity securities classified as available-for-sale financial assets could have an impact of NT$(24,210) thousand and NT$(24,814) thousand on the income or equity attributable to the Company. An increase of 10% in the value of the listed securities would only impact equity but would not have an effect on profit or loss.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that a counterparty 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, 2018 and 2017, amounts receivables from top ten customers are minor compared to the total accounts receivables of the Company. The credit concentration risk of other 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.

(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, bank borrowings, convertible bonds and finance leases. 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 possibility of changing of interest rates relating to borrowings with floating interest rates is low, so the Company estimates interest rates as the rate of the balance sheet date.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2018					
Borrowings	$3,241,942	$333,972	$46,200	$-	$3,622,114
Trade and other payables	1,069,240	-	-	-	1,069,240

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2017					
Borrowings	$2,410,765	$880,064	$168,052	$-	$3,458,881
Trade and other payables	1,139,721	-	-	-	1,139,721

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliation for liabilities arising from financing activities

Information of reconciliation for liabilities during 2018 is as follows:

	Short-term loans	Long-term loans	Balance of liabilities arising from financing activities
2018.1.1	$2,200,000	$1,218,000	$3,418,000
Cash flow	150,000	(184,000)	(34,000)
2018.12.31	$2,350,000	$1,034,000	$3,384,000

Information of reconciliation for liabilities during 2017 is as follows:

Not applicable.

(7) Fair values of financial instruments

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

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 following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, trade receivables, trade payable and other current liabilities approximate their fair value due to their short maturities.

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, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. 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 assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

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

(8) Fair value measurement hierarchy

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, 2018

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$4,985	$-	$-	$4,985
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	242,097	-	77,153	319,250

As of December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets:				
Available-for-sale financial assets				
Stocks	$248,142	$-	$23,278	$271,420
Open-end funds	5,137	-	-	5,137

Transfers between Level 1 and Level 2 during the period

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

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

	Assets
	Measured at fair value through other comprehensive income
	Stock
Beginning balances as of January 1, 2018	$114,321
Total losses recognized for the year ended December 31, 2018:	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	(28,835)
Acquisition/issue for the year ended December 31, 2018	-
Disposition/acquittance for the year ended December 31, 2018	(8,333)
Ending balances as of December 31, 2018	$77,153

	Assets
	Available-for-sale financial assets
	Stock
Beginning balances as of January 1, 2017	$12,852
Total losses recognized for the year ended December 31, 2017:	
Amount recognized in profit or loss	-
Amount recognized in OCI	1,426
Acquisition/issue for the year ended December 31, 2017	9,000
Ending balances as of December 31, 2017	$23,278

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, 2018

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: Measured at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Company's profit or loss by NT$2,257 thousand

As of December 31, 2017

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Available-for-sale					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in the Company's profit or loss by NT$3,497 thousand

<u>Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy</u>

The Company's Finance Department 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, 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)	$-	$-	$290,457	$290,457
Investments accounted for under the equity method (please refer to Note 6)	751,359	-	-	751,359

As of December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6)	$-	$-	$312,123	$312,123
Investments accounted for under the equity method (please refer to Note 6)	878,084	-	-	878,084

(9) Significant assets and liabilities denominated in foreign currencies

The Company does not have significant assets and liabilities denominated in foreign currencies. The foreign exchange gain was NT$4 thousand and NT$116 thousand for the years ended December 31, 2018 and 2017, respectively.

The above information is disclosed based on book value of foreign currency (after conversion to functional currency).

(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 shareholder 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 shareholders, return capital to shareholders or issue new shares.

13. Additional disclosures

(1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:

(a) Significant intercompany transactions between consolidated entities: Please refer to Attachment 1.
(b) Financing provided to others: Please refer to Attachment 2.
(c) Endorsement/Guarantee provided to others: Please refer to Attachment 3.
(d) Securities held: Please refer to Attachment 4.
(e) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock: None.
(f) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock: None.
(g) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock: None.
(h) Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock: Please refer to Attachment 5.
(i) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock: None.
(j) Financial instruments and derivative transactions: None.

(2) Information on investees:

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Attachment 6.

(3) Information on investment in Mainland China:

(a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.

(b) Directly or indirectly significant transactions through third 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: None.

Attachement 1

Significant intercompany transactions between consolidated entities

(Expressed in Thousands of New Taiwan Dollars)

Number (Note 1)	Company Name	Counter Party	Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
	Year of 2018						
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	1	Revenues	$28,449	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	1	Costs	178,677	Note 4	1%
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	1	Accrued expenses	21,850	-	-
0	Taiwan Secom Co., Ltd.	Titan Enterprise Co., Ltd.	1	Guarantee deposits	30,000	-	-
0	Taiwan Secom Co., Ltd.	Titan Enterprise Co., Ltd.	1	Accounts payable	49,078	-	-
0	Taiwan Secom Co., Ltd.	Kuo Hsing Security Co., Ltd.	1	Revenues	18,716	Note 4	-
0	Taiwan Secom Co., Ltd.	CHOPPA Tech Co., Ltd.	1	Revenues	57,900	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Revenues	36,076	Note 4	-
1	Titan Star International Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	216,233	Note 4	2%
2	Aion Computer Communication Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	213,650	Note 4	2%
3	Goyun Security Co., Ltd.	Kuo Hsing Security Co., Ltd.	3	Revenues	13,369	Note 4	-

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: When calculating the percentage of transaction amount to the consolidated revenues or the consolidated assets: Items of the balance sheets are calculated as its ending balance to total consolidated assets; items of income statement are calculated by its cumulative balance to the total consolidated income.

Note 4: The trading conditions of revenues and costs are in accordance with the general market conditions, and the terms of payment are equivalent to non-related parties.

Attachement 2

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

(Expressed in Thousands of New Taiwan Dollars)

No.	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral Item	Collateral Value	Limit of financing amount for individual counter-party	Limit of total financing amount
1	Speed Investment Co., Ltd.	Taiwan Video System Co., Ltd.	Other receivables - related parties	Yes	$85,000 (Note 1)	$52,000	$30,000 (Note 1)	1.0%	(Note 8(2))	$-	Business turnover	$-	-	$-	$574,277 (Note 1)	$1,148,554 (Note 2)
2	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	Other receivables - related parties	Yes	30,000 (Note 1)	30,000	30,000 (Note 1)	1.0%	(Note 8(2))	-	Business turnover	-	-	-	574,277 (Note 1)	1,148,554 (Note 2)
3	Goldsun Express & Logistics Co., Ltd.	Goldsun Express Ltd.	Other receivables - related parties	Yes	60,000 (Note 3)	60,000	27,000 (Note 3)	1.3%	(Note 8(2))	-	Business turnover	-	-	-	125,748	251,497
4	Lee Bao Security Co., Ltd.	Lee Bao Technology Co., Ltd.	Other receivables - related parties	Yes	30,000 (Note 5)	-	- (Note 5)	1.5%	(Note 8(2))	-	Business turnover	-	-	-	209,531	419,062

Note 1 : According to Fund loan and operating procedures of Speed Investment Co., Ltd., limit of financing amount for individual counter-party is as follow :

(1) If the financing is related to business transactions, financing to Speed Investment Co., Ltd. shall not exceed 20% of the net assets values from the latest financial statements.

(2) Associated with short-term capital needs, financing to Speed Investment Co., Ltd. shall not exceed 20% of the net assets values from the latest financial statements.

Note 2 : Total financing amount of Speed Investment Co., Ltd. shall not exceed 40% of the audited/reviewed net assets value of the most current period.

Note 3 : According to Fund loan and operating procedures of Goldsun Express & Logistics Co., Ltd., limit of financing amount for individual counter-party is as follow :

(1) If the financing is related to business transactions, financing to Goldsun Express & Logistics Co., Ltd. shall not exceed 20% of the net assets values from the latest financial statements.

(2) Associated with short-term capital needs, financing to Goldsun Express & Logistics Co., Ltd. shall not exceed 20% of the net assets values from the latest financial statements.

Note 4 : Total financing amount of Goldsun Express & Logistics Co., Ltd. shall not exceed 40% of the audited/reviewed net assets value of the most current period.

Note 5 : According to Fund loan and operating procedures of Lee Bao Security Co., Ltd, limit of financing amount for individual counter-party is as follow :

(1) If the financing is related to business transactions, financing to Lee Bao Security Co., Ltd. shall not exceed 20% of the net assets values from the latest financial statements.

(2) Associated with short-term capital needs, financing to Lee Bao Security Co., Ltd. shall not exceed 20% of the net assets values from the latest financial statements.

Note 6 : Total financing amount of Lee Bao Security Co., Ltd. shall not exceed 40% of the audited/reviewed net assets value of the most current period.

Note 7 : According to the Interpretation Letter of (93) Basic Secret No. 167, the accounts receivable of the related parties that exceed the normal credit period are transferred to other receivables and are regarded as financing.

Note 8 : (1) Total amount of the financing is disclosed herein if the financing is related to business transactions.

(2) The reasons and counterparties of the financing are addressed herein as the financing was associated with short-term capital needs.

Attachement 3

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

(Expressed in Thousands of New Taiwan Dollars)

No.	Endorsor/Guarantor	Receiving party		Limit of guarantee/endorsement amount for receiving party	Maximum balance for the period	Ending balance	Actual amount provided	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount	Guarantee provided by parent company (Note 5)	Guarantee provided by a subsidiary (Note 5)	Guarantee provided to subsidiaries in Mainland China (Note 5)
		Company name	Relationship										
0	Taiwan Secom Co., Ltd.	Taiwan Video System Co., Ltd.	An investee which holds directly 39.08% of equity interest.	$3,095,826 (Note 1)	$120,000	$-	$-	$-	0.00%	$5,159,711 (Note 1)	Y	N	N
2	Aion Computer Communication Co., Ltd.	LITENET Corporation	An investee which holds directly 73% of equity interest.	49,088 (Note 2)	2,095	2,095	2,095	-	0.85%	49,088 (Note 2)	N	N	N
3	Gowin Building Management and Maintenance Co., Ltd.	Kuo Hsing Security Co., Ltd.	An investee which holds 1.45% of equity interest.	3,824 (Note 3)	500	500	500	-	0.07%	5,159,711 (Note 3)	N	N	N
3	Gowin Building Management and Maintenance Co., Ltd.	Taiwan Secom Co., Ltd.	Parent company	3,095,826 (Note 3)	2,651	2,651	2,651	-	0.35%	5,159,711 (Note 3)	N	Y	N
4	Gowin Building Management and Maintenance Co., Ltd.	Goyun Parking Co., Ltd.	An investee which holds directly 100% of equity interest.	3,095,826 (Note 3)	50,000	50,000	-	-	6.69%	5,159,711 (Note 3)	N	N	N
5	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	An investee which holds directly 78.98% of equity interest.	3,095,826 (Note 4)	25,000	25,000	25,000	-	0.87%	5,159,711 (Note 4)	N	N	N

Note 1 : A subsidiary in which Taiwan Secom Co., Ltd. holds directly or indirectly over 50% of equity interest. Guarantee/endorsement amount are as follows :

(1) Percentage of accumulated guarantee amount to net assets value from the latest financial statement of Taiwan Secom Co., Ltd. shall not exceed 50%.

(2) Guarantee/endorsement amount for receiving party to net assets value from the latest financial statement of Taiwan Secom Co., Ltd. shall not exceed 50%.

(3) Beside abovementioned limit, guarantee/endorsement amount of an investee company that has a business relationship with the Company shall not exceed trading amount, which is higher between sales and purchases.

Note 2 : Limit of guarantee/endorsement amount of Aion Computer Communication Co., Ltd. are as follows :

(1) Total guarantee amount of the Company to net assets value from the latest financial statement shall not exceed 50%.

(2) Guarantee/endorsement amount for receiving party to net assets value from the latest financial statement shall not exceed 50%.

(3) Beside abovementioned limit, guarantee/endorsement amount of an investee company that has a business relationship with the Company shall not exceed trading amount, which is higher between sales and purchases.

Note 3 : Limit of guarantee/endorsement amount of Gowin Building Management and Maintenance Co., Ltd. are as follows :

(1) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.

(2) Total guarantee amount for receiving party of the Company and its subsidiaries to net assets value of the Company shall not exceed 30%. Except for open-released parent company directly or indirectly owned exceed 90% of equity interest, and its amount to net assets value of parent company shall not exceed 10%. But not for the case of guarantee/endorsement among companies owned 100% equity interests by open-released parent company.

(3) Beside abovementioned limit, guarantee/endorsement amount of an investee company that has a business relationship with the Company shall not exceed trading amount, which is higher between sales and purchases.

Note 4 : A subsidiary in which Speed Investment Co., Ltd. holds directly or indirectly over 50% of equity interest. Guarantee/endorsement amount are as follows :

(1) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.

(2) Total guarantee amount for receiving party of the Company and its subsidiaries to net assets value of the Company shall not exceed 30%. Except for open-released parent company directly or indirectly owned exceed 90% of equity interest, and its amount to net assets value of parent company shall not exceed 10%. But not for the case of guarantee/endorsement among companies owned 100% equity interests by open-released parent company.

(3) Beside abovementioned limit, guarantee/endorsement amount of an investee company that has a business relationship with the Company shall not exceed trading amount, which is higher between sales and purchases.

Note 5 : A company is coded "Y" when a subsidiary is endorsed by the listed parent company, or a listed parent company is endorsed by a subsidiary, or a company with an endorsement in Mainland China.

Attachement 4-1

Securities held for the year ended December 31, 2018 (Excluding subsidiary, associates and jointly controlled)

(Expressed in Thousands of New Taiwan Dollars)

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units/Shares	Book value	Percentage of ownership	Fair value	
Taiwan Secom Co., Ltd.	Fund-							
	Yuanta Global Active Allocation Fund of Bond Funds	-	Financial assets at fair value through profit or loss-current	490,588	$4,985	-	$10.16	
	Listed companies stocks-							
	Taiwan Cement Corporation	-	Financial assets at fair value through other comprehensive income-current	3,300,000	117,480	0.08%	35.60	
	O-Bank Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	15,577,154	124,617	0.65%	8.00	
	Unlisted companies stocks-							
	Common stock							
	BlissCloud Group Holdings Corp	-	Financial assets at fair value through other comprehensive income-non-current	987,762	-	13.64%	-	
	Yuanding Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,166,667	37,183	2.08%	8.92	
	GAMA PAY Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	4,285,714	22,950	7.14%	4.59	
	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,591,367	6,970	10.61%	4.38	
	Global Securities Finance Corporation	-	Financial assets at fair value through other comprehensive income-non-current	624,950	2,800	0.16%	4.48	
	Sanwa Company Rs Taiwan Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,353,333	7,250	11.28%	0.25	
Lee Way Electronics Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	163,284	14,434	0.04%	88.40	
	Unlisted companies stocks-							
	Huijia Health Life Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	50,000	37	0.33%	0.74	
Chung Pao Tzu Tung Corporation	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	552,655	48,855	0.12%	88.40	

Attachement 4-2

Securities held for the year ended December 31, 2018 (Excluding subsidiary, associates and jointly controlled)

(Amounts in Thousands of New Taiwan Dollars unless otherwise)

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units/Shares	Book value	Percentage of ownership	Fair value	
Kuo Hsing Security Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income—current	3,625,284	$320,475	0.80%	$88.40	
	Taiwan Cement Corporation	-	Financial assets at fair value through other comprehensive income—current	128,700	4,582	0.003%	35.60	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	281,000	14,359	0.78%	51.23	
Gowin Building Management and Maintenance Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income—current	2,232,564	197,359	0.49%	88.40	
Babyboss Co., Ltd.	Listed companies stocks-							
	Taiwan Cement Corporation	-	Financial assets at fair value through other comprehensive income—current	264,000	9,398	0.006%	35.60	
Lee Bao Technology Co., Ltd.	Unlisted companies stocks-							
	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income—non-current	619,590	2,714	4.13%	4.38	
Lots Home Entertainment Co., Ltd.	Unlisted companies stocks-							
	The Tag-Along Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	675,000	6,750	1.50%	10.00	
	Movie- Back to the Good Times		Financial assets at fair value through other comprehensive income—non-current	-	3,250	-	-	
Aion Computer Communication Co., Ltd.	Unlisted companies stocks-							
	Union Securities Investment Trust Co., Ltd.	-	Financial assets at fair value through other comprehensive income—non-current	211,667	2,908	0.71%	13.74	
GC&C Holdings Limited	Fund-							
	AZI	-	Financial assets at fair value through profit or loss—current	333,333	133	-	USD 0.0287	
	Unlisted companies stocks-							
	Fit Design	-	Financial assets at fair value through other comprehensive income—non-current	-	-	-	-	

Attachement 4-3

Securities held for the year ended December 31, 2018 (Excluding subsidiary, associates and jointly controlled)

(Amounts in Thousands of New Taiwan Dollars unless otherwise)

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units/Shares	Book value	Percentage of ownership	Fair value	
Goyun Security Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	252,820	$22,349	0.06%	$88.40	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	181,500	9,275	0.50%	51.10	
Speed Investment Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	2,026,155	179,112	0.45%	88.40	
	Taiwan Cement Corporation	-	Financial assets at fair value through other comprehensive income-current	613,800	21,851	0.015%	35.60	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	302,500	15,458	0.84%	51.10	
	Unlisted companies stocks-							
	Ciding Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,130,435	10,161	2.17%	8.99	
	Mingfu Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	100,000	419	9.09%	4.19	
	Yuji Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,312,500	14,175	3.75%	10.80	
	Fund-							
	AsiaVest Opportunities Fund	-	Financial assets at fair value through profit or loss-current	200	1,006	0.74%	USD 166.69	
Titan Star International Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	1,421,043	125,620	0.31%	88.40	
	Taiwan Cement Corporation	-	Financial assets at fair value through other comprehensive income-current	349,800	12,453	0.009%	35.60	
	Unlisted companies stocks-							
	Golden Harvest Food Enterprise Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,460,000	16,746	7.30%	11.47	
	International Integrated Systems, Inc	-	Financial assets at fair value through other comprehensive income-non-current	497,227	6,732	0.74%	13.54	
TransAsia Catering Service Ltd.	Fund-							
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at fair value through other comprehensive income-non-current	20,000,000	171,200	6.67%	8.56	

Attachement 5

Related party transactions for purchases and sales amounts exceeding NT$100 million or 20% of capital stock

(Expressed in Thousands of New Taiwan Dollars)

Purchaser (seller)	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases	Credit Term	Unit price	Credit Term	Balance	Percentage of total receivables (payable)	
Taiwan Secom Co., Ltd.	Aion Computer Communication Co., Ltd.	Subsidiary accounted for under the equity method	Note 1	$213,650	Note 1	30-60 days	-	-	$(30,473)	4%	
	Anfeng Enterprise Co., Ltd.	Investee accounted for under the equity method	Sales	(174,356)	-1%	30-60 days	-	-	61,255	10%	
	Titan Star International Co., Ltd.	Subsidiary accounted for under the equity method	Note 2	216,233	Note 2	30-60 days	-	-	(49,078)	8%	
Goldsun Express & Logistics Co., Ltd.	Goldsun Building Materials Co., Ltd.	Investee accounted for under the equity method	Note 2	(562,179)	Note 3	30 days	-	-	117,483	12%	

Note 1 : The Company purchases information equipment, software and system maintenance from Aion Computer Communication Co., Ltd.

Note 2 : The Company purchased inventory, electronic anti-theft and electronic fire protection equipment from Titan Star International Co., Ltd, and recognized spare electronic equipment under the purchase, operating costs and fixed assets.

Note 3 : The subsidiary provides cement carrying services to Goldsun Building Materials Co., Ltd, and recognized as other operating income.

Attachment 6-1

Names, locations and related information of investee companies (excluding investment in Mainland China)

※Investee company accounted for under the equity method

(Amounts in Thousands of New Taiwan Dollars unless otherwise stated)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
Taiwan Secom Co., Ltd.	Spead Investment Co., Ltd.	4F., No.139, Zhengzhou Rd., Taipei City	Investment holding	$415,130	$415,130	241,966,797	100.00%	$2,503,980	$143,152	$135,132	
	Lee Bao Security Co., Ltd.	5F., No.139, Zhengzhou Rd., Taipei City	Security services providing	198,006	198,006	69,986,215	100.00%	1,047,468	145,366	145,180	
	Goyun Security Co., Ltd.	7F., No. 2-4, Renyi St., Lingya Dist., Kaohsiung City	Security services providing	40,034	40,034	26,512,450	100.00%	484,855	81,697	80,075	
	Chung Pao Tzu Tung Corporation	4F., No. 693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	Sales of electric, telecommunications and fireproof products	20,000	20,000	2,000,000	100.00%	10,248	1,798	(417)	
	Goldsun Express & Logistics Co., Ltd.	2F., No. 133, Shanggang Rd., Bali Dist., New Taipei City	Air cargo transporting services	613,878	613,878	55,942,758	100.00%	630,030	40,025	40,468	
	Kuo Hsing Security Co., Ltd.	9F., No.139, Zhengzhou Rd., Taipei City	Corporate security guarding services	-	-	29,321,619	83.77%	514,633	158,347	120,192	
	Gowin Building Management and Maintenance Co., Ltd.	4F., No.139, Zhengzhou Rd., Taipei City	Building management services providing	101,911	101,911	28,463,488	80.96%	435,053	136,984	102,056	
	Aion Computer Communication Co., Ltd.	12F., No.139, Zhengzhou Rd., Taipei City	Technology support services	139,356	139,356	12,739,895	73.75%	165,401	46,941	30,470	
	Zhong Bao Insurance Broker Inc	10F., No.139, Zhengzhou Rd., Taipei City	Insurance broker	3,600	3,600	608,400	60.00%	18,290	6,423	3,854	
	Taiwan Video System Co., Ltd.	8F., No.139, Zhengzhou Rd., Taipei City	Sales and manufacture of digital signage and monitors	449,526	449,526	11,356,902	39.07%	(1,487)	(36,625)	(6,383)	
	Tech Elite Holdings Ltd.	No. 36, West Block, Shun Tak Centre, 168-200 Connaught Road Central, Sheung Wan, Hong Kong	Investment holding	66,416	66,416	2,000,000	39.22%	-	-	-	
	Yon Geng Healthcare Management Co., Ltd.	11F., No.139, Zhengzhou Rd., Taipei City	Retail of medical equipment	20,000	20,000	2,000,000	35.71%	9,330	(103)	(1,335)	
	Lee Way Electronics Co., Ltd.	3F., No.139, Zhengzhou Rd., Taipei City	Police-Citizen connection and AED rental services	121,419	121,419	10,288,341	34.29%	141,785	53,585	16,882	
	Anfeng Enterprise Co., Ltd.	3F., No.139, Zhengzhou Rd., Taipei City	Automated Teller Machine (ATM) services	10,820	10,820	900,000	30.00%	13,570	420	1,085	
	Lots Home Entertainment Co., Ltd.	7F., No.139, Zhengzhou Rd., Taipei City	Video Sales and rental services	186,480	186,480	4,308,392	21.02%	70,425	(4,925)	(3,124)	
	Huaya Development Co., Ltd.	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	Operating hotel and sales of cement products and asbestos waves	314,899	314,899	25,512,892	49.83%	296,660	(1,600)	(797)	
	TransAsia Airways Corp.	8F., No.139, Zhengzhou Rd., Taipei City	Aviation Services	833,409	833,409	76,245,604	10.05%	-	-	-	Note 1
	Goldsun Building Materials Co., Ltd.	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	Ready mixed concrete, real estate sale, and lease	1,374,479	1,374,479	89,875,518	6.49%	1,478,222	514,894	29,248	
	TransAsia Catering Service Ltd.	No. 538, Sec. 1, Sanmin Rd., Dayuan Dist., Taoyuan City	Production and sales of instant foods and in-flight catering	750,687	750,687	24,562,918	67.02%	814,093	28,461	23,926	
	SIGMU D.P.T. Co., Ltd.	4F., No. 693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	Wholesale and installation of fire safety equipment	27,344	-	2,734,400	21.99%	46,847	88,115	13,482	
Speed Investment Co., Ltd.	Titan Star International Co., Ltd.	7F., No.139, Zhengzhou Rd., Taipei City	Manufacturing, selling and processing of security-related equipment and parts	393,185	393,185	81,667,290	100.00%	1,303,284	86,400	86,400	
	Zhong Bao Security Holding (Samoa) Co., Ltd.	Offshore Chambers, PO.Box217, Apia, Samoa	Investment holding	193,091	193,091	5,926,000	100.00%	67,847	3,636	3,636	
	SVS Corporation	No. 418, Songhe St., Nangang Dist., Taipei City	Vehicles maintenance services	80,000	80,000	8,000,000	100.00%	36,638	1,653	1,655	
	Babyboss Co., Ltd.	6F., No.139, Zhengzhou Rd., Taipei City	Educational and recreational services	220,000	220,000	22,000,000	84.62%	200,807	(78,258)	272	
	Lots Home Entertainment Co., Ltd.	7F., No.139, Zhengzhou Rd., Taipei City	Video Sales and rental services	375,568	375,568	16,191,608	78.98%	25,212	(4,925)	(6,369)	
	CHOPPA Tech Co., Ltd.	7F., No.139, Zhengzhou Rd., Taipei City	POS system for retail	86,090	84,220	8,637,000	57.58%	96,631	2,606	1,459	
	Lee Way Electronics Co., Ltd.	3F., No.139, Zhengzhou Rd., Taipei City	Police-Citizen connection and AED rental services	150,376	150,376	14,078,783	46.93%	204,045	53,585	23,589	
	Taiwan Video System Co., Ltd.	8F., No.139, Zhengzhou Rd., Taipei City	Sales and manufacture of digital signage and monitors	151,021	151,021	14,845,300	47.32%	588	(36,625)	(12,491)	
	Zhong Bao Insurance Broker Inc	10F., No.139, Zhengzhou Rd., Taipei City	Insurance broker	1,927	1,927	101,400	10.00%	3,048	6,423	642	
	Goldsun Building Materials Co., Ltd.	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	Ready mixed concrete, real estate sale, and lease	103,456	103,456	9,900,199	0.71%	138,177	514,894	4,681	
	Yon Geng Healthcare Management Co., Ltd.	11F., No.139, Zhengzhou Rd., Taipei City	Retail of medical equipment	326	326	100,000	1.79%	467	(103)	(67)	
	Comlink Fire Systems Inc	No. 16, Ln. 60, Baoshi St., Guishan Dist., Taoyuan City	Wholesale of fire safety equipment	85,034	85,034	6,646,625	99.11%	142,016	15,337	15,813	
	SIGMU D.P.T. Co., Ltd.	4F., No. 693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	Wholesale and installation of fire safety equipment	57,118	57,118	6,124,336	49.26%	104,895	88,115	58,826	
	TransAsia Catering Service Ltd.	No. 538, Sec. 1, Sanmin Rd., Dayuan Dist., Taoyuan City	Production and sales of instant foods and in-flight catering	80,000	80,000	2,424,242	6.61%	59,477	28,461	2,234	
	Jiansheng International Co., Ltd.	7F., No.139, Zhengzhou Rd., Taipei City	Retail of medical equipment	20,000	20,000	2,000,000	100.00%	20,377	377	377	
Zhong Bao Security Holding (Samoa) Co., Ltd.	Zhong Bao Security Holding (Mauritius) Co., Ltd.	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Republic	Investment holding	130,096	130,096	4,000,000	100.00%	67,593	3,627	3,627	
Zhong Bao Security Holding (Mauritius) Co., Ltd.	CHUN-SECURITY Video System Co., Ltd.	Suite 314, St. James Court, St. Denis Street, Riviere Street, Port Louis, Republic of Mauritius	Investment holding and international trading	-	130,080	-	-	-	-	-	
Titan Star International Co., Ltd.	ESKYLINK INC	3F., No.139, Zhengzhou Rd., Taipei City	Telecom value-added network services	7,301	7,301	884,016	19.71%	17,461	19,800	4,878	
	LITENET Corporation	7F., No.139, Zhengzhou Rd., Taipei City	Light controlling system services	30,244	30,244	2,268,000	27.00%	36,282	2,344	719	
	Goldsun Building Materials Co., Ltd.	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	Ready mixed concrete, real estate sale, and lease	363,809	359,187	55,309,747	3.99%	764,775	514,894	20,159	
	Taiwan Video System Co., Ltd.	8F., No.139, Zhengzhou Rd., Taipei City	Sales and manufacture of digital signage and monitors	21,516	21,516	614,779	2.12%	(964)	(36,625)	(1,633)	
	TransAsia Airways Corp.	8F., No.139, Zhengzhou Rd., Taipei City	Aviation Services	54,007	54,007	4,405,028	0.58%	-	-	-	Note 1
	Kaohsiung Airport Catering Services Co., Ltd.	No. 2-10, Zhongshan 4th Rd., Xiaogang Dist., Kaohsiung City	Production and sales of instant foods and in-flight catering	-	-	1	-	-	-	-	
	Comlink Fire Systems Inc	No. 16, Ln. 60, Baoshi St., Guishan Dist., Taoyuan City	Wholesale of fire safety equipment	176	176	12,500	0.19%	204	15,337	25	
	SIGMU D.P.T. Co., Ltd.	4F., No. 693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	Wholesale and installation of fire safety equipment	203	113	19,720	0.17%	341	88,115	141	
	TransAsia Catering Service Ltd.	No. 538, Sec. 1, Sanmin Rd., Dayuan Dist., Taoyuan City	Production and sales of instant foods and in-flight catering	100,000	100,000	3,030,303	8.27%	74,413	28,461	658	

Note 1：On January 11, 2017, the shareholders meeting of TransAsia Airways Corp., which is the Group's investee recognized in investments accounted for under the equity method, approved the liquidation proposal. No more investment income or loss has been recognized since 2017.

Attachment 6-2

Names, locations and related information of investee companies (excluding investment in Mainland China)

※Investee company accounted for under the equity method

(Expressed in Thousands of New Taiwan Dollars)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
Goldsun Express & Logistics Co., Ltd.	Goldsun Express Ltd.	2F., No. 133, Shanggang Rd., Bali Dist., New Taipei City	The custom broker services	$26,833	$26,833	3,361,248	100.00%	$36,164	$1,231	$1,231	
Goyun Security Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	4F., No.139, Zhengzhou Rd., Taipei City	Building management services providing	15,000	15,000	2,154,042	6.13%	36,192	136,984	8,388	
	TransAsia Airways Corp.	8F., No.139, Zhengzhou Rd., Taipei City	Aviation Services	28,978	28,978	1,635,080	0.22%	-	-	-	Note 1
	Babyboss Co., Ltd.	6F., No.139, Zhengzhou Rd., Taipei City	Educational and recreational services	4,891	4,891	1,000,000	3.85%	9,128	(78,258)	4	
	CHOPPA Tech Co., Ltd.	7F., No.139, Zhengzhou Rd., Taipei City	POS system for retail	10,080	10,080	1,008,000	6.72%	11,267	2,606	28	
	Goldsun Building Materials Co., Ltd.	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	Ready mixed concrete, real estate sale, and lease	82,571	82,571	8,800,000	0.64%	98,981	514,894	3,974	
	Goyun Science and Technology Co., Ltd.	7F., No. 2-4, Renyi St., Lingya Dist., Kaohsiung City	Car parking lot services	100,000	100,000	10,000,000	100.00%	88,821	(6,773)	(6,782)	
Kuo Hsing Security Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	4F., No.139, Zhengzhou Rd., Taipei City	Building management services providing	26,615	26,615	4,540,260	12.91%	115,047	136,984	17,985	
	Lee Way Electronics Co., Ltd.	3F., No.139, Zhengzhou Rd., Taipei City	Police-Citizen connection and AED rental services	29,045	29,045	2,707,458	9.02%	41,872	53,585	4,037	
	TransAsia Airways Corp.	8F., No.139, Zhengzhou Rd., Taipei City	Aviation Services	47,581	47,581	4,360,832	0.57%	-	-	-	Note 1
	Goldsun Building Materials Co., Ltd.	7F., No.139, Zhengzhou Rd., Taipei City	Ready mixed concrete, real estate sale, and lease	172,492	172,492	12,669,386	0.91%	186,762	514,894	1,049	
	Zhong Bao Lease Co., Ltd.	4F., No. 102, Chong'an St., Sanchong Dist., New Taipei City	Mini-Storage rental services	30,000	30,000	3,000,000	100.00%	27,720	(694)	(693)	
	TransAsia Catering Service Ltd.	No. 538, Sec. 1, Sanmin Rd., Dayuan Dist., Taoyuan City	Production and sales of instant foods and in-flight catering	70,000	70,000	2,121,212	5.79%	52,708	28,461	1,957	
Gowin Building Management and Maintenance Co., Ltd.	Gowin Security Co., Ltd.	4F., No.139, Zhengzhou Rd., Taipei City	Corporate security guarding services	40,000	40,000	4,000,000	100.00%	88,983	26,602	33,093	
	Kuo Hsing Security Co., Ltd.	9F., No.139, Zhengzhou Rd., Taipei City	Corporate security guarding services	12,515	12,515	506,692	1.45%	15,128	158,347	2,624	
	TransAsia Airways Corp.	8F., No.139, Zhengzhou Rd., Taipei City	Aviation Services	19,639	19,639	2,101,872	0.28%	-	-	-	Note 1
	Goldsun Building Materials Co., Ltd.	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	Ready mixed concrete, real estate sale, and lease	72,599	72,599	4,650,459	0.34%	66,169	514,894	88	
	Goyun Parking Co., Ltd.	4F., No.139, Zhengzhou Rd., Taipei City	Car parking lot services	50,000	50,000	5,000,000	100.00%	44,841	(1,420)	(1,419)	
Babyboss Co., Ltd.	Goldsun Building Materials Co., Ltd.	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	Ready mixed concrete, real estate sale, and lease	77,509	77,509	7,900,000	0.57%	110,930	514,894	671	
Lee Way Electronics Co., Ltd.	Lee Yuan Biomedical Co., Ltd.	No. 85, Sec. 2, Jianguo N. Rd., Taipei City	Medical equipment and AED rental services	30,000	30,000	3,000,000	100.00%	48,750	22,340	22,340	
	TransAsia Catering Service Ltd.	No. 538, Sec. 1, Sanmin Rd., Dayuan Dist., Taoyuan City	Production and sales of instant foods and in-flight catering	50,000	50,000	1,515,152	4.13%	37,162	28,461	1,396	
Lee Bao Security Co., Ltd.	Lee Bao Technology Co., Ltd.	5F., No.139, Zhengzhou Rd., Taipei City	Automated Teller Machine (ATM) services	50,000	50,000	5,000,000	100.00%	26,222	1,019	1,091	
Aion Computer Communication Co., Ltd.	Peregrine Soleil Asset Holdings Limited	P.O.Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.	Investment holding	189,961	189,961	5,469,502	100.00%	48,570	(225)	(225)	
	LITENET Corporation	7F., No.139, Zhengzhou Rd., Taipei City	Light controlling system services	81,623	81,623	6,132,000	73.00%	98,187	2,344	1,512	
	Goldsun Building Materials Co., Ltd.	7F., No. 8, Xinhu 1st Rd., Neihu Dist., Taipei City	Ready mixed concrete, real estate sale, and lease	9,427	9,427	900,000	0.06%	12,650	514,894	75	
Peregrine Soleil Asset Holdings Limited	GC&C Holdings Limited	P.O.Box 2804, Offshore Incorporations (Cayman) Limited. Scotia Centre, 4th Floor, George Town, Grand Cayman, Cayman Islands	Investment holding	189,691	189,691	5,460,502	100.00%	49,065	(169)	(169)	

Attachement 6-3

Names, locations and related information of investee companies (excluding investment in Mainland China)

※Investee company accounted for under the equity method

(Amounts in Thousands of New Taiwan Dollars unless otherwise stated)

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
Taiwan Video System Co., Ltd.	TVS Electric Co., Ltd.	1308 Delaware Avenue Wilmington DE 19806 New Castle Country State of Delaware U.S.A.	Investment holding and international trading	$-	$281,721	-	-	$-	$1	$1	
	TVS Germany GmbH	Osterrade 54, 21031 Hamburg Germany	Sales of digital signage, monitors, and etc.	5,917	5,707	-	100.00%	5,917	(370)	(370)	
TVS Electric Co., Ltd.	CHUN-SECURITY Video System Co., Ltd.	3rd Floor, Ebene Esplanade, 24 Cybercity, Ebene, Mauritius	Investment holding and international trading	$-	USD 8,462	-	-	-	-	-	
TransAsia Catering Service Ltd.	Tian-sha Food, Ltd.	No. 1249, Daguan Rd., Dayuan Dist., Taoyuan City	Retail of food product	18,000	18,000	1,800,000	30.00%	22,993	19,800	3,122	
CHOPPA Tech Co., Ltd.	Zhan Food Team Inc	1F., No. 73, Sec. 1, Zhongshan N. Rd., Zhongshan Dist., Taipei City	Catering services	31,000	18,000	3,500,000	92.11%	29,328	(214)	(136)	

Attachement 7

Investment in Mainland China

(Amounts in Thousands of New Taiwan Dollars unless otherwise stated)

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows: Outflow	Investment Flows: Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2018	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2018
Yixun (China) Software Co., Ltd.	R&D, production of computer applications, programs, talent training, web applications and other software sales and technical consulting services	$197,278	(2)	$-	$-	$-	$-	$-	17.20%	$-	$-	$-
Zanyun (China) Software Co., Ltd.	Computer and peripheral software wholesale and retail, computer software services, data processing services, network information supply and management consultants	USD 6,600	(2)	-	-	-	-	USD (1,558)	17.20%	-	-	-
Beijing North Yinzhen Software Development Co., Ltd.	Computer network system installation, system integration, sales of self-produced products, etc.	RMB 10,000	(2)	12,674 (USD 360)	-	-	12,674 (USD 360) (Note 4)	-	-	-	-	-
Jian Ling (Shanghai) Intelligent Technology Co., Ltd.	Management of computer hardware and software research and development and transfer of self-operated results and computer hardware and software, office supplies, electronic products, household appliances, communications equipment wholesale	RMB 3,069	(1)	14,702 (USD 500)	-	13,600 (USD 453)	- (Note 5)	-	-	-	-	-

Accumulated Investment in Mainland China as of 2018/12/31	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
$12,674	$133,475	$6,480,442

Note 1: The methods for engaging in investment in Mainland China include the following:

(1) Direct investment in Mainland China.

(2) Indirectly investment in Mainland China through companies registered in a third region. (Please specify the name of the company in third region).

(3) Other methods

Note 2: The investment income (loss) recognized in current period:

(1)Please specify if no investment income (loss) has been recognized as still in the preparation stage.

(2)The investment income (loss) were determined based on the following:

a.The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.

b.The financial statements certificated by the CPA of the parent company in Taiwan.

c.Others.

Note 3: The Company is based on the new regulations promulgated by the Ministry of Economic Affairs in the Republic of China in 1997. The calculation method for the mainland area is 60% of the net value or the combined net value, whichever is higher.

Note 4: In order to simplify the investment structure, the Group sold the entire equity of Northern Bank Securities Software Development Co., Ltd. in the first quarter of 2016 and lost control from that date.

Note 5: In the second quarter of 2018, the Group approved the cancellation of the investment in Jian Ling (Shanghai) Intelligent Technology Co., Ltd.