TAIWAN SECOM COMPANY LTD. Stock Symbol : 9917

Annual Report 2020

Taiwan Stock Exchange Market Observation Post System:

http://mops.twse.com.tw

Printed on March 31, 2021

中保科技　智慧領航

Table of Contents

I、LETTER TO SHAREHOLDERS

Dear Shareholders,

The consolidated net income of the Company and its subsidiaries (Taiwan Secom Group) in 2020 was NTD 13,706,365 thousand which increased by NTD 294,688 thousand from the same period in 2019 with an increase rate of 2.20%. The consolidated operating income in 2020 was NTD 2,639,996 thousand which increased by NTD 106,980 thousand from the same period in 2019 with an increase rate of 4.22%. The consolidated profit after tax was NTD 2,437,228 thousand which increased by NTD 260,449 thousand from the same period in 2019. It was an increase of 11.96%. Earnings per share (EPS) was NTD 5.42, increased by 11.75% over 2019.

The total number of locations, channels and samples that Taiwan Secom Group provides direct contact with the public has reached about 500,000 customers with a production value of nearly NTD 15 billion. The Group's business blueprint has been extended to cover food (TransAsia Catering Services, Living Plus Food & Beverage), medical (Lee Way Electronics), housing (MyVita+), and transportation (Goldsun Express & Logistics). In 2020, the Group was able to avoid the impact of the Covid-19 epidemic and achieve a record high of over NTD13.7 billion in consolidated revenue since 2016. This is an excellent performance of the advanced deployment as "service ahead of demand" and the result of the "the sweat of the frontline staffs to polish the Group's signature."

Looking ahead to this year, the key development items of the Group are as follows:

1. IoT innovative services

   In the field of IoT security and home living services, the number of customers served by the IoT-based "MyVita+" system integration has increased by more than 25% each year for the past three years after adding more AI smart products and functions. MyVita+" is a "cloud guard" solution that replaces night guards with technology systems. MyVita+ has already exceeded 1,000 cases and has won the "Future Commerce Award" of Digitimes. The Group established a new software company, “Epic Tech Taiwan Inc.” in 2020. It is now implementing a “Good Life APP” platform that is expected to be launched in May 2021. Customers can "take care of the community life with one finger" through the platform, which helps to stream the big data collection and consumer behavior analysis of existing customers and community residents, which will increase the business opportunities and customer adherence.

2. Smart City

The Group's fruitful achievements in "Smart City" in year 2020 include 11 smart city solutions for Kaohsiung City Government, such as vehicle type identification, vehicle and pedestrian flow monitoring, air quality monitoring etc., have not only won the recognition of Kaohsiung City Government, but also attracted the attention of other counties and cities. Smart city will become the next wave of industrial growth. Our subsidiary, Brightron Technology and Engineering, also actively undertakes electromechanical integration projects, providing a streamline solution of electromechanical, weak power and fire protection, and integrating with smart city development. The relevant subsidiaries of the Group, from construction site management to catering business, have all engaged in the field of smart city, creating a new blue ocean. It is expected that the related operations will grow significantly.

3. Catering business

The Group will fully expand its food and beverage division and enter the consumer market directly in this year. Famous for its bakery products, "TransAsia Catering Services" will start to transform from providing airline meals to diversifying its operations to include OEM and ODM services. “The Soup Spoon," a national brand restaurant from Singapore represented by the Group, is now operating in Taiwan and has five stores in northern Taiwan; the Group's own restaurant brand "Zhan C-Kitchen by FUK," which specializes in charcoal-grilled cuisine with craft beer, is expected to continue to expand its operations this year.

The Group continues to actively diversify its operations, which are no longer limited to professional security and disaster prevention surveillance, but have expanded its reach to smart cities and smart homes. Through technology and taking into consideration the food safety, the Group has expanded its sales channels and become a part of smart care and smart community services. “Innovation" is one of the keys to win at the starting point for business operation. All of our colleagues have the determination to make the business good, and keep working hard and innovating. In the past 10 years, Taiwan Secom Group has made many changes and will continue to grow and evolve in the future.

Lastly,

We would like to wish you all

Good health and prosperity!

Chairman: Hsiao-Hsin Lin

II. Company Profile

2-1 Date of Establishment

The Company was founded on November 8, 1977.

2-2 Company History:

November 1977	Mr. Hsiao-Hsin Lin (the current chairman of the Company) proposed the idea of establishing a security company. He formed a technology joint venture with Japan's largest security firm, Secom, and formally established Taiwan Secom to become a pioneer in the private security services industry in Taiwan. The Company received an official letter (Jing-Zhi #268) from the National Policy Agency in February 1979, which approved that the local police agencies would reinforce their communication and collaboration with the Company to accept reports and provide full support. In the course of more than 30 years of development, there are many key matters:
June 1981	Added residency services (security guards) and sales of fire-proof and anti-theft equipment.
May 1983	Started to take on bank cash courier services. Offered good performance and the Company gradually gained reputation.
December 1987	Annual revenue was NT$751 million (approximately US$30.04 million), ranking 137th among Taiwan's top 300 service firms.
November 1990	Purchased Stratus computers for computerization of control operations. Completed the implementation in May 1992 to manage security signals and dispatch operations throughout Taiwan.
June 1992	Introduced a home security system which offers anti-theft, fire prevention, gas leak detection and access control functions, and can remotely control four sets of electrical equipment at home through a computer to achieve household automation.
December 1992	Completed establishment of high-speed optical fiber network trunk lines to increase the information transmission speed between Taipei, Taichung, and Kaohsiung.
June 1993	The Securities Listing Review Committee approved the listing of the Company's stock, making the Company the first security firm to be listed on the Taiwan Stock Exchange.
December 1993	The Company was listed on the stock exchange with a capital of NT$800 million and $49 per share for the underwriting. During the underwriting period, it received the highest number of subscriptions for new shares that year at 981,940 subscriptions and had the lowest winning rate for the luck for allocation of shares at 0.84%.
December 1995	The Company's stocks were approved to be upgraded to Class 1 shares.
July 1996	Taiwan Secom Culture Foundation was formally established.
October 1997	The Company acquired the UK SGS ISO/9002 quality assurance certification.
May 2001	Ranked by CommonWealth Magazine as #176 of top 500 service firms.

	The net profit was ranked #37, and the gross margin was ranked #29.
December 2005	Became the first to launch the MiniBond satellite positioning search service, opening a new chapter in mobile security with technology. The world's first and the only company to use A-GPS in portable devices to dispatch search personnel.
	In order to expand service availability and improve service quality, the representative office in Jiali was upgraded to a contact branch.
June 2008	Mr. Hirofumi Onodera was appointed as the CEO of the Company.
February 2009	In response to the public policy on AED, the Company introduced the installation of AEDs in colleges and universities to create a learning environment that gives people peace of mind and teaches students the first aid techniques and the concept of saving people's lives.
May 2009	Taiwan Secom introduced the condominium version of MyCASA to meet the demand of simplified construction of new buildings and multiple MyCASA hosts.
July 2009	The Company launched a new generation of smart home management service system "MyCASA" for home care. Incorporating a two-in-one blood sugar and blood pressure monitor and wall pad touch-control operation functions, the system provides customers with value-added health care services.
February 2010	In order to improve the service quality, the Company launched the MyCASA health care value-added "Pharmacist Delivery Service. It promotes self-management of health and improves the content of health care services.
June 2010	TVS 15" Combo DVR integrated touch digital monitoring host. The administrator can conduct remote monitoring through the Internet and 3G mobile phones, and the touch operation features improve the product competitiveness.
March 2011	MiniBond on-board computer officially launched. In response to the market demand for vehicle fleet management, the Company developed and manufactured MiniBond on-board computers which incorporated real-time monitoring, driving recording, daily report inquiry, daily driving report, route planning, and other functions.
	The 2nd generation MiniBond officially launched. This generation had a LCD screen and was lighter and more user-friendly. It had the same functions as the 1st generation of MD, including location inquiry, timed reporting, emergency signal and simple calls, and the functions and setting could all be done through the web page.
August 2011	In response to the Executive Yuan's policy on special municipalities, which changed to Taipei County to New Taipei City, and merged Taichung City and Taichung County to form a larger Taichung City, Tainan City and Tainan County to form a greater Tainan City, and Kaohsiung City and Kaohsiung County. The Company's Sanchong branch was renamed New Taipei Branch, Taipei County branch was renamed New Taipei #2 Branch, Taichung County branch was renamed Taichung #2 Branch, Tainan County branch was renamed Tainan#2 Branch, and Kaohsiung County branch was renamed Kaohsiung #2 Branch.
September 2011	NXT smart business management security system was announced for the first time. Exhibitions were held in various cities in Taiwan to let the public

	experience the new system and services offered.
December 2011	Taiwan Secom Group formed an alliance with Saint Mary's Hospital in Luodong to launch the “Health Care Cloud” system which incorporated complete cloud technology to help regional hospitals apply remote care.
June 2012	NXT smart business management security system officially launched. It offered security, energy conservation and other management functions to meet the business needs of commercial clients.
September 2012	The Company's affiliate Taiwan Secom Technology introduced the “My Biz - POS Cloud Store Management System,” and became the first in the industry to offer lease program for food and beverage, retail, franchise operators.
November 2012	Book launch conference for “To Guard People's Future - Taiwan Secom Security a Pioneer in Smart Life.” The book detailed the entrepreneurship, growth, business philosophy, management performance and future strategic planning of the Company.
February 2013	The Company collaborate with the City Government of Taipei to launch the “Senior I Care Emergency Rescue System” to provide seniors with a “Peace of Mind and Carefree” living environment, benefiting more than 5,000 people.
September 2013	Won the 23rd “National Quality Award” in the enterprise category. The Award is the highest for comprehensive quality management of outstanding enterprises approved by the Executive Yuan.
May 2014	Grand opening of MyVITA smart home experience hall to demonstrate Taiwan Secom's commitment in the smart home market.
September 2014	Taiwan Secom collaborated with the Department of Health of the Taipei City Government on “Citizen Healthy Life Care Service” and started the health care convenience station at the Taipei MRT.
November 2014	Taiwan Secom released its corporate social responsibility (CSR) report for the first time to demonstrate the Company's business philosophy of trustworthiness and sustainable operation. The Company also established a CSR committee and management protocols to fulfill corporate social responsibility through practical actions.
December 2014	Collaborated with the National Center for Research on Earthquake Engineering of the National Applied Research Laboratories to jointly announce the earthquake early warning service, opening a new chapter to the earthquake disaster prevention industry.
December 2014	Signed a technology licensing contract with China University of Technology to acquire 3 patents and 6 technologies that can be used for disaster prevention and monitoring. The technologies are used for monitoring of structural safety of buildings and flooding notification to make the disaster prevention services more complete.
January 2015	Taiwan Secom integrated relevant technologies and equipment to launch the “MyVITA+,” providing convenience services for a smart life through the IoT.
July 2015	Built an exhibition center in Neihu, which integrated technologies for smart home, city, building and office space to enable customers to experience a daily life with smart technologies.
November 2015	Taiwan Secom officially formed a cross-industry alliance with Tatung to

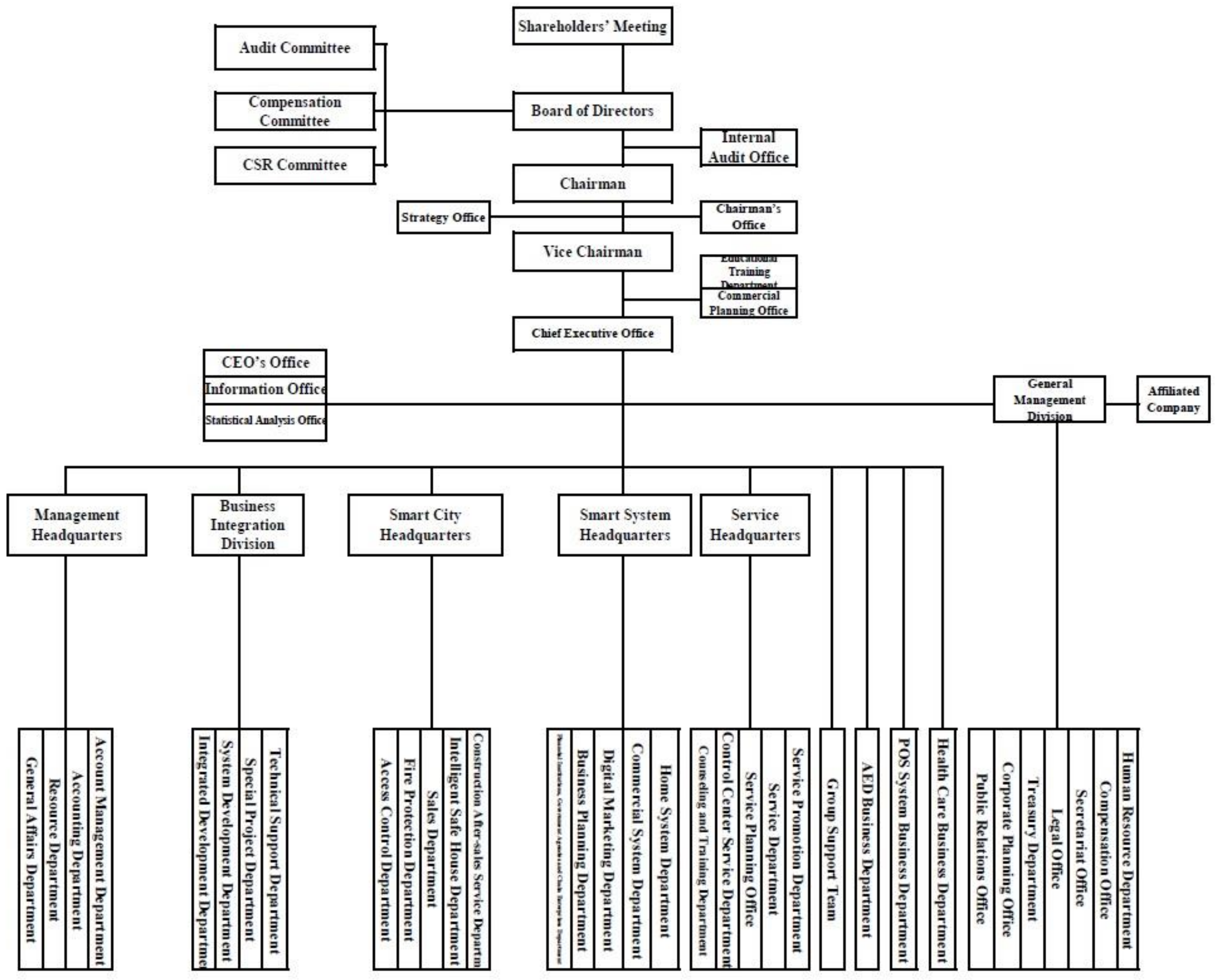
	introduce smart home appliances to a smart life through the IoT.
November 2015	Invested in the Le-Dian Mobile Payment established by Gamania Digital. It was expected that a total of nearly 230,000 users were included in the mobile payment services to reinforce the convenience of IoT application.
March 2016	Official opening of MyVITA+ service store “MyVITA+ Extension Service Station,” which consolidated resources to reach communities, expand channels and provide services, and more stores would be opened in the future.
March 2016	Acquired the equity of TransAsia Catering Service, and incorporated the meal technologies and manpower of the company into MyVITA+ to build a more complete life service platform. The platform would be closely integrated with the Taiwan MyVITA Home Life Service Stations to expand services.
May 2016	Organized Taiwan MyVITA+ brand launching conference. Applied the IoT technology to consolidate the Group's resources to form alliances with different industries, and extended the services to food, medical care, housing and transportation to upgrade their services.
July 2016	Established the “Taiwan MyVITA+ Jianguo Life Experience Hall,” the second locations of the “Taiwan MyVITA+ Life Experience Hall,” which provided consumers with food, medical care, housing and transportation services through the IoT.
September 2016	Taiwan Secom incorporated system integration and wireless transmission technologies to install security surveillance management system for National Taichung Theater.
December 2016	In the Business Today's survey on business people's ideal brand, Taiwan Secom once again was ranked the top brand, and won the award for 8 consecutive years.
December 2016	Employee training and education center in Yilan officially opened.
February 2017	Established Taiwan MyVITA+ Life Experience Hall in Da'an District of Taipei City and Luzhou District of New Taipei City to extend services to clients. There are nine locations in the Greater Taipei region.
March 2017	Taiwan Secom collaborated with the Department Social Welfare of Taipei City, and donated AEDs to elderly care centers to jointly build living areas that offer peace of mind to the citizens of Taipei.
August 2017	Taiwan Secom sponsored security surveillance, AEDs and MyVITA+ equipment to the various venues and athlete living quarters of the 2017 Summer Universiade.
September 2017	Participated in the TAF Innovation Base project of the Industrial Development Bureau of the Ministry of Economic Affairs, and officially launched the Taiwan MyVITA+ IoT Service Innovation Base to enable citizens to experience the future smart daily life.
February 2018	Taiwan Secom Group and Goldsun Building Materials jointly donated NT$5 million to assist the reconstruction efforts after the 0206 Hualien earthquake.
March 2018	Participated in the Smart City Exhibition with its corporate theme of “Unlimited Future” to demonstrate the value-added services of Taiwan MyVITA+ and smart speakers, as well as smart care solutions and the future of smart cities with IoT.

July 2018	Invited the well-known baseball star Chien-Ming Wang to be the brand image spokesperson of "Taiwan MyVITA+." A series of videos and ads were made available to let the general public know more about the products and services offered through "Taiwan MyVITA+."
December 2018	In response to the government's long-term care 2.0 policy and future opportunities, Taiwan Secom Group extended into the long-term care industry and collaborated with the City Government of New Taipei to establish the "Taiwan Secom Senior Care Center" in Taishan District.
July 2019	The Chinese name of the Company has changed from "中興保全股份有限公司" to "中興保全科技股份有限公司." The alteration was approved by the Ministry of Economic Affairs and became effective on July 23, 2019. However, the English name, Taiwan Secom Co., Ltd., remains unchanged.
October 2019	The new President of Japan Secom, Ichiro Ozeki, visited Taiwan Secom and hoped that both Companies would strengthen exchanges in the future and develop innovative and ground breaking technologies.
November 2019	Taiwan Secom reorganized its subsidiaries, Litenet and Comlimk Fire Systems, to establish Brightron Technology and Engineering Corporation. With the IoT technology of Taiwan Secom, traceable materials from Goldsun Building Materials, and other resources of the Group, the three companies, Brightron, SIGMU D.P.T, and Taiwan Secom provide the industry's only turnkey contracting service for "electromechanics, fire prevention, and disaster prevention."
January 2020	Taiwan Secom Group collaborated with Sunseap Group Pte. Ltd. of Singapore to form Sunseap Solutions, and obtained the right of management to make it a subsidiary under Taiwan Secom to develop the green energy industry.
February 2020	With the novel coronavirus pandemic spreading, Taiwan Secom established a response team to formulate the "Novel Coronavirus Response Plan" to fight emergency situations such as employees being quarantined at home and diagnosed positive, and prepare backup personnel and implement home or remote working.
April 2020	Taiwan Secom invested in Epic Tech Taiwan Inc. to develop Taiwan Secom Good Life App, building a diversified property management platform to bring smart services into communities and families.
January 2021	Taiwan Secom helping Kaohsiung in the efforts of transforming it into a 5G smart city. Vice Chairman Chien-Han Lin was personally appointed by Mayor Chi-Mai Chen as a member of the Smart City Promotion Committee.
March 2021	Taiwan Secom participated in the exhibition with its "Secom Technology Smart Pioneering" theme, and displayed five pavilions, "Smart City", "Smart Construction", "Smart Disaster Prevention", "Smart Office" and "Smart Community", which offered interactive experience with nearly 50 smart applications.

III、CORPORATE GOVERNANCE REPORT

3-1. Organizational System

3-1-1. Organizational Chart



3-1-2. Businesses of major departments

Department	Main Functions
Internal Audit Office	• Review the soundness, reasonableness and effectiveness of the internal control system. • Regularly investigate and evaluate the efficiency of each unit in implementing various plans or policies and assigned functions.
Chairman’s Office	• In charge of the Company's public relations.
Strategy Office	• Responsible for corporate strategic planning and cross-departmental integration.
Commercial Planning Office	• Assist in the development and introduction of new products. • Optimize existing products and services. • Optimize the internal processes. • Reduce the procurement costs. • Assist on the vendors’ assessment.
Educational Training Department	• Establish and revise the overall approach and strategy of educational training, and integrate and plan training needs at all levels. • Planning, integration and implementation of the educational training system.
General Management Division	• In charge of the business management of the Group's subsidiaries and the handling of the board and investor relations affairs. • Manage the needs of diversified market relations, promote the harmony between the Company and media and of external relations, and promote the brand image of the Company. • Personnel administration, employee salary and bonus distribution. • Establish the intellectual property system and assist and manage patent applications for the Company. • Review various contractual provisions and assist with legal matters. • Fund dispatching and cashier matters.
CEO’s Office	• Contact SECOM Japan for various matters and assist with Japanese translation. • Manage the process of product development and introduction.
Information Office	• Information affairs (including Notes, EIS, and Information Security Verification).
Statistical Analysis Office	• Set up the evaluation and bonus system. • Analyze business performance. • Evaluate operational performance.
Smart System Headquarters	• Develop, manage, plan and implement the businesses. • Collect and analyze market information, develop, implement and evaluate promotion projects. • Promote e-commerce marketing and channel sales. Contracts, quotations, etc.
Smart City Headquarters	• Promote the commercial systems. • Design and plan for the projects. • Develop the integration business for new construction sites. • Sell, plan and install fire protection system equipment. • Assist in promoting connectivity business after the outright sales. • Provide information on product and functional requirements. • Assist in business development. • System maintenance, safety inspection, project coordination and tracking.
Business Integration Division	• Research on consumer market demand. • Plan and design innovative services and evaluate the operating models. • Research and Development of new products and technical guidance. • Develop and design software and firmware interfaces and image integration. • Technical support and training for various systems. • Establish and implement quality control system. • Assist sales units in surveying new products and evaluating their introduction. • Formulate technical specifications related to system installation, construction, inspection and repairs etc. • Select and introduce purchased items.
Service Headquarters	• In charge of maintaining the security of our customers. • Adoption and promotion of personal data protection systems.

Department	Main Functions
	• Operation and control processing of services. • Training and management for service engineers. • Set up control centers and customer service center. • Set, track, consolidate, audit, and analyze customer service and collection performance, and to formulate related policies and management plans. • Promote the projects of service quality improvement and improvement of deficiencies.
Management Headquarters	• Enhance the handling of accounting affairs and establish and plan the accounting system. • Provide accurate and timely accounting and financial information for the reference of decision making. • Execute data management and material planning and management. • Purchase materials and supplies, control stocks and manage inventory regularly. • Responsible for purchasing and negotiating prices of various items, and managing documents and seals. • Purchase, sale, lease and maintenance of land, buildings, offices and dormitories.

3-2. Directors, Supervisors and Management Team

3-2-1. Directors

1. Directors information

Present base date of the no. of shares held: 31 March, 2021

Title	Nationality of registration place	Name	Gender	Elected (Inaugurated) date	Date first elected	Term	Shareholdings at the time of elected office		Current shareholdings		Current shareholdings of spouse/minor children		Shareholdings in the name of a third party		Education and experience	Concurrent positions in this and other companies	Other officers, directors or supervisors of the Company who is a spouse or relative within the 2nd degree of kinship under the Civil Code		
							Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)			Title	Name	Relationship
Chairman	ROC	Hsiao-Hsin Lin	Male	2020.06.16	1996.04.20	3 years	4,010,918	0.89%	4,010,918	0.89%	-	-	-	-	B. Eng., Tokyo University of Science, Japan	None	Vice Chairman	Chien-Han Lin	Father-Son
																	Director	Ming-Sheng Lin	Father-Son
Vice Chairman	ROC	Hsin Lan Investment Co., Ltd.	-	2020.06.16	2014.06.24	3 years	3,940,585	0.87%	3,960,585	0.88%	-	-	-	-	-	-	-	-	-
	ROC	Representative: Chien-Han Lin	Male				1,126,315	0.25%	1,147,315	0.25%	-	-	-	-	MA in Marketing Management, Middlesex University, UK	Director of Goldsun Building Materials Chief Executive Officer	Chairman	Hsiao-Hsin Lin	Father-Son
																	Director	Ming-Sheng Lin	Brothers
Director	Japan	Secom Co., Ltd.	-	2020.06.16	1981.12.09	3 years	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	-	-	-
	Japan	Representative: Sadahiro Sato	Male				-	-	-	-	-	-	-	-	BA in Economics, Waseda University, Japan	Executive Director, SECOM CO., Ltd.	-	-	-
Director	Japan	Secom Co., Ltd.	-	2020.06.16	1981.12.09	3 years	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	-	-	-
	Japan	Representative: Takashi Nakata (Note 1)	Male				-	-	-	-	-	-	-	-	Bachelor and Master of Science and Engineering, University of Tsukuba, Japan	GROUP International Business Headquarter Chief of Management Department, SECOM CO., Ltd.	-	-	-
Director	ROC	Heng-Yi Tu	Male	2020.06.16	2011.06.15	3 years	50,750	0.01%	50,750	0.01%	-	-	-	-	MBA in Business Administration, Hawaii National University	Chairman of Wan Yuan Textiles	-	-	-
Director	Japan	Secom Co., Ltd.	-	2020.06.16	1993.03.30	3 years	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	-	-	-
	Japan	Representative: Hirofumi Onodera	Male				115,429	0.03%	115,429	0.03%	-	-	-	-	BS in Mechanics, Muroran Institute of Technology, Japan	Chief Executive Officer	-	-	-
Director	ROC	Yuan Xin Investment Co., Ltd.	-	2020.06.16	2002.06.19	3 years	8,018,190	1.78%	8,018,190	1.78%	-	-	-	-	-	-	-	-	-
	ROC	Representative: Ming-Sheng Lin	Male				1,213,941	0.27%	1,213,941	0.27%	106,005	0.02%	-	-	Ph.D. In Law, University of California, Hastings College of the Law	Vice chairman of Goldsun Building Materials	Chairman	Hsiao-Hsin Lin	Father-Son
																	Vice Chairman	Chien-Han Lin	Brothers
Director	ROC	Chin Kuei Investment Co., Ltd.	-	2020.06.16	2008.06.13	3 years	1,100,195	0.24%	1,100,195	0.24%	-	-	-	-	-	-	-	-	-
	ROC	Representative: Lan-Ying Hsu	Female				-	-	-	-	-	-	-	-	Department of Oriental Languages at Fu Jen Catholic University	Chairman of Goldsun Building Materials Chairman of eSkylink	-	-	-
Executive Director Independent Director	ROC	Tien-Wen Chen	Male	2020.06.16	2017.06.22	3 years	-	-	-	-	-	-	-	-	MBA in Business Administration, University of Southern California, USA	Chairman of Ka Shui Investment Holding Group	-	-	-
Independent Director	ROC	Yung-Cheng Chiang	Male	2020.06.16	2020.06.16	3 years	-	-	-	-	-	-	-	-	BL in Law, Soochow University	Lawyer, Zhengbang and Zhengyang United Law Firm	-	-	-
Independent Director	ROC	Chun-Yi Tung	Male	2020.06.16	2020.06.16	3 years	-	-	-	-	-	-	-	-	MS in LSI, Waseda University, Japan	Chairman, ABICO Group	-	-	-

Note: In situations where the company's chairman, president or manager of the highest equivalent grade is the same person as or a spouse or first-degree relative of the Chairman, please explain the reasons, rationality, and necessity of such an arrangement and any response measures taken: None.

Note 1. Secom Co., Ltd. appointed a representative on March 23, 2021.

2. Table 1: Major Institutional Shareholders

31 March, 2021

Name of Corporate Director	Major Institutional Shareholders (shareholding)
Cheng Xin Investment Co., Ltd.	Hsiao-Hsin Lin 44.27%, Su-Chu Chuang 22.20%, Ming-Sheng Lin 16.76%, Chien-Han Lin 16.76%
Hsin Lan Investment Co., Ltd.	Hsiao-Hsin Lin 14.67%, Su-Chu Chuang 14.25%, Ming-Sheng Lin 1.21%, Chien-Han Lin 1.21%, Hsiu-De Lin 0.33%, Cheng Hsin Investment Co., Ltd. 68.33%
Secom Co., Ltd.	The Master Trust Bank of Japan, Ltd. (Trust Account) 14.41%, Japan Trustee Services Bank, Ltd. (Trust Account) 7.97%, JP Morgan Chase Bank 4.28%
Yuan Xin Investment Co., Ltd.	Hsiao-Hsin Lin 22.05%, Su-Chu Chuang 27.37%, Ming-Sheng Lin 25.29%, Chien-Han Lin 25.29%
Chin Kuei Investment Co., Ltd.	Ming-De Hsu 18.86%, Chun-Mei Lin 71.09%, Li-Ying Chang 3.46%, Jia-Jung Tsai 2.07%, Chung-Li Hsu 4.52%
Shang Ching Investment Co., Ltd.	Li-Jung Yu (19%), Chia-Ling Lin (19%), Hung-Chun Lin (25%), Jing-Yi Lin (25%), Chen-Chuan Co., Ltd. (6%)

3. Table 2: Major Shareholders of Institutional Shareholders in Table 1

31 March, 2021

Name of Corporate Director	Major Institutional Shareholders (shareholding)
Chen-Chuan Co., Ltd.	Ming-Hsien Yu 100%

4. Professional qualifications and independence analysis of directors and supervisors

March 31, 2021

Criteria / Name	With five or more years of experience and the following professional qualifications			Status of independence (Note)												Number of concurrent independent director posts to other public companies
	Lecturer (or above) of commerce, law, finance, accounting, or any subject relevant to the Company's operations in a public or private tertiary institution	Passed the qualification examination with proper licensing by the national government as a court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the company	Commercial, legal, financial, accounting or other work experiences required to perform the Company's operations	1	2	3	4	5	6	7	8	9	10	11	12	
Chairman Hsiao-Hsin Lin			v	v				v		v		v		v		0
Vice Chairman Chien-Han Lin			v					v		v		v		v		0
Director Sadahiro Sato			v	v		v	v			v	v	v		v		0
Director Takashi Nakata			v	v		v	v			v	v	v		v		0
Director Hirofumi Onodera			v	v		v	v			v	v	v		v		0
Director Ming-Sheng Lin			v					v		v		v		v		0
Director Lan-Ying Hsu			v	v		v		v		v		v		v		0
Director Heng-Yi Tu			v	v		v	v	v	v	v	v	v	v	v	v	0
Independent Director Tien-Wen Chen			v	v	v	v	v	v		v	v	v		v	v	3
Independent Director Yung-Cheng Chiang		v	v	v	v	v	v	v		v	v	v		v	v	3
Independent Director Chun-Yi Tung			v	v	v	v	v	v		v	v	v		v	v	2

Note: Directors, during the two years before being elected and during the term of office, meet any of the following situations. Please tick the appropriate corresponding boxes.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children or held by the person under others' names, in an aggregate amount of 1% or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.
4. Not a spouse, relative within the second degree of kinship or lineal relative within the third degree of kinship, of any of the above persons listed in (2) and (3) or of the manager listed in (1).
5. Not a director, supervisor or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the company, or ranks as of its top five shareholders, or appointed as a representative in accordance with Article 27 of the Company Act.
6. Not a director, supervisor or employee of another company or institution in which the majority of board seats or voting rights are controlled by the same person in the Company.

7. Not a director, supervisor or employee of another company or institution, who is also the chairman, president or equivalent position, or a spouse of these personnel, of the Company.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the company.
9. Not a professional individual or an owner, partner, director, supervisor or managerial officers of a sole proprietorship, partnership, company or institution that, provides auditing or commercial, legal, financial, accounting services, which receive less than NT$500,000 in accumulated remuneration the most recent two years, to the company or to any affiliate of the company, or a spouse thereof. However, this excludes situations where they serve as members of the Company's salary and remuneration committee.
10. Not a spouse or a blood relative within the second degree of kinship under the Civil Code to any other director.
11. Does not meet any of the criteria described in Article 30 of the Company Act.
12. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.

3-2-2. Information of the President, Vice President, Assistant Manager and Supervisors of departments and branches

Base date of the number of shares held: March 31, 2021

Title	Nationality	Name	Gender	Elected (Inaugurated) date	Current shareholdings		Current shareholdings of spouse/minor children		Education and experience	Concurrent positions in other companies	Managers of the Company who is a spouse or relative within the 2nd degree of kinship under the Civil Code		
					Number of shares	Ownership (%)	Number of shares	Ownership (%)			Title	Name	Relationship
Chief Strategy Officer	ROC	Ming-Sheng Lin	Male	2007.03.29	1,213,941	0.27%	106,005	0.02%	Ph.D. In Law, University of California, Hastings College of the Law	Vice chairman of Goldsun Building Materials	CEO	Chien-Han Lin	Brothers
CEO	Japan	Hirofumi Onodera	Male	2016.01.01	115,429	0.03%	-	-	BS in Mechanics, Muroran Institute of Technology, Japan	None	-	-	-
CEO	ROC	Chien-Han Lin	Male	2016.01.01	1,147,315	0.25%	-	-	MA in Marketing Management, Middlesex University, UK	Director of Goldsun Building Materials	Chief Strategy Officer	Ming-Sheng Lin	Brothers
CEO	ROC	Jung-Kuei Li	Male	2016.01.01	21,156	-	21	-	Department of Electronics, Kuang Wu Industry Junior College	Director of Aion Computer Communication Co., Ltd.	-	-	-
CEO	ROC	Hsing-Kuo Chou	Male	2016.01.01	-	-	-	-	Institute of Civil Engineering and Disaster Prevention, National Taipei University of Technology	Director of LITENET Corp.	-	-	-
CEO	ROC	Su-Ling Chen	Female	2016.01.01	-	-	-	-	Comprehensive Commerce, Taipei Municipal Shilin High School of Commerce	Supervisor of TransAsia Catering Services	-	-	-
General Manager	ROC	Lan-Ying Hsu	Female	2005.03.25	-	-	-	-	Department of Oriental Languages at Fu Jen Catholic University	Chairman of Goldsun Building Materials Chairman of eSkylink	-	-	-
General Manager	ROC	Wen-Liang Chiang	Male	2014.03.01	-	-	5,000	-	Department of Electrical Engineering, Kuang Wu Industry Junior College	Chairman of Titan Star International	-	-	-
General Manager	ROC	Chun-Yuan Chang	Male	2016.02.22	20,190	-	480	-	Graduate School of Agricultural Engineering, National Taiwan University	None	-	-	-
General Manager	ROC	Ching-Ming Lei	Male	2017.03.01	1,065	-	-	-	College of Law, National Taiwan University	Chairman of Zhong Bao Insurance Broker Inc.	-	-	-
Vice President	ROC	Chia-Ying Chen	Female	2014.10.30	-	-	-	-	MSc Development Economics and Policy, University of Manchester	Special Assistant to the Chairman of Goldsun Building Materials	-	-	-
Vice President	ROC	Hsun-Ming Yu	Male	2016.02.22	334,736	0.07%	-	-	Department of Statistics, Feng Chia University	None	-	-	-
Vice President	Japan	Hidenori Takaha	Male	2017.11.01	-	-	-	-	Bachelor of Law, Tokai University, Japan	None	-	-	-
Vice President	ROC	Ching-Chung Teng	Male	2018.09.25	-	-	2,000	-	Department of Industrial Engineering Management, Lunghwa University of Science and Technology	Director of Comlink Fire Systems Inc.	-	-	-
Vice President	ROC	Nai-Sen Chang	Male	2018.09.25	2,000	-	-	-	Department of Business Administration, Concordia University, Canada	Director of Jiansheng International Co., Ltd.	-	-	-
Vice President	ROC	Chia-Hui Lin	Female	2019.03.01	-	-	-	-	EMBA, College of Commerce, National Chengchi University	None	-	-	-
Vice President	ROC	Sheng-Ying Cheng	Female	2019.03.01	-	-	-	-	MBA, University of Southern California, USA	Independent director and remuneration committee member of News World Wu Company and remuneration committee member of Leo Systems	-	-	-
Vice President	ROC	Chih-Chiang Wang	Male	2019.03.01	-	-	-	-	Department of Printing, Chinese Culture University	None	-	-	-
Vice President	ROC	Hsien-Kuei Huang	Male	2019.03.01	135	-	-	-	Automobile Maintenance Department, Taipei Jingwen High School	None	-	-	-
Vice President	ROC	Chen-Lung Lu	Male	2019.03.01	-	-	-	-	Department of Electrical Engineering, Military Academy	None	-	-	-
Vice President	ROC	Jui-Tung Chan	Male	2020.03.01	17	-	-	-	Electrical Engineering Department, Nan-Tai Junior College of Engineering	None	-	-	-
Vice President	ROC	Pei-Hsiu Hung	Male	2020.03.01	-	-	-	-	Graduate Institute of Biomedical Informatics, Taipei Medical University	President of Lee Way Electronics Co., Ltd	-	-	-
Vice President	ROC	Hui-Ching Chang	Female	2021.01.01	-	-	-	-	Department of Public Relations and Advertising, Shih Hsin University	None	-	-	-
Vice President	ROC	Yun-Fang Liu	Female	2021.03.01	10,000	-	-	-	Wenzao Ursuline University of Languages	Vice President of Lee Bao Security Co., Ltd.	-	-	-

Note 1: The Company's accounting supervisor is the CEO Su-Ling Chen.
Note 2: Vice President Sheng-Ying Cheng is the Company's chief financial officer.
Note 3: The Company's executives have not yet held shares in the names of others.
Note 4: Supplementary information on matters regarding the chairperson of the Board of Directors and the general manager or person of an equivalent post (the highest level manager) of the company if they are the same person, spouses or relatives within the first degree of kinship, shall be given explaining the reason, reasonableness, necessity thereof and the measures adopted in response thereto: None.

3-2-3. Remuneration paid to directors, president, and vice presidents for the most recent fiscal year

1. Remuneration of Directors

Unit: NT$ thousand

Title	Name	Remuneration of Directors								Sum of A, B, C and D as a percentage of net income		Remunerations of Directors								The sum of A, B, C, D, E, F and Gas a percentage of net income (%)		Whether or not the compensation from investees other than subsidiaries is received
		Remunerations Paid (A)		Retirement Pension (B)		Remuneration of directors (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Retirement Pension (F)		Employee Remuneration (G)						
																The Company		All companies in the financial statements				
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial statements	
Chairman	Hsiao-Hsin Lin	3,380	3,380	-	-	40,812	40,812	2,849	2,849	1.97%	1.97%	-	-	-	-	-	-	-	-	1.97%	1.97%	-
Chairman	Cheng Xin Investment Co., Ltd. Representative: Hsiao-Shin Lin	5,375	5,375	-	-	-	-	70	70	0.23%	0.23%	-	-	-	-	-	-	-	-	0.23%	0.23%	-
(Note 5)	Hsin Lan Investment Co., Ltd. Representative: Chien-Han Lin	365	365	-	-	24,487	24,487	50	50	1.04%	1.04%	9,639	10,159	-	-	-	-	-	-	1.45%	1.47%	650
Vice Chairman	Secom Co., Ltd. Representative: Sadahiro Sato	365	365	-	-	8,163	8,163	50	50	0.36%	0.36%	-	-	-	-	-	-	-	-	0.36%	0.36%	-
Executive Director	Secom Co., Ltd. Representative: Takashi Nakata	290	290	-	-	8,162	8,162	50	50	0.36%	0.36%	-	-	-	-	-	-	-	-	0.36%	0.36%	-
Director	Heng-Yi Tu	290	290	-	-	8,162	8,162	50	50	0.36%	0.36%	-	-	-	-	-	-	-	-	0.36%	0.36%	-
Director	Secom Co., Ltd. Representative: Hirofumi Onodera	290	290	-	-	8,162	8,162	50	50	0.36%	0.36%	4,614	4,614	-	-	-	12	-	12	0.55%	0.55%	-
Director	Yuan Xin Investment Co., Ltd. Representative: Ming-Sheng Lin	290	290	-	-	8,162	8,162	50	50	0.36%	0.36%	7,667	7,977	-	-	-	12	-	12	0.68%	0.69%	21,447
Director	Chin Kuei Investment Co., Ltd. Representative: Lan-Ying Hsu	136	136	-	-	8,162	8,162	20	20	0.35%	0.35%	4,306	6,062	-	-	-	12	-	12	0.53%	0.60%	-
Director (Note 6)	Chin Kuei Investment Co., Ltd. Representative: Chun-Mei Lin	154	154	-	-	-	-	30	30	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	-
Director (Note 6)	Hung-Mao Tien	150	150	-	-	-	-	20	20	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	-
Director (Note 5)	Chi-Lin Wei	150	150	-	-	-	-	20	20	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	-
Director (Note 5)	Shang Jing Investment Co., Ltd. Representative: Ming-Hsien Yu	150	150	-	-	-	-	20	20	0.01%	0.01%	-	-	-	-	-	-	-	-	0.01%	0.01%	-
Director (Note 5)	Tien-Wen Chen	2,400	2,400	-	-	-	-	50	50	0.01%	0.01%	-	-	-	-	-	-	-	-	0.10%	0.10%	-
-	-	-	-	-	-	-	-	30	30	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	-
Independent Director	Chun-Yi Tung	1,200	1,200	-	-	-	-	30	30	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	-
Independent Director	Chin-Fu Chang	1,200	1,200	-	-	-	-	20	20	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	-
Independent Director	Jui-Meng Chang	1,200	1,200	-	-	-	-	20	20	0.05%	0.05%	-	-	-	-	-	-	-	-	0.05%	0.05%	-

Note 1: Cost of vehicles purchased by the Company for directors, NT$5,342 thousand.

Note 2: Cost of salary for the drivers who drive the vehicles for directors, NT$1,110 thousand.

Note 3: The Company's policy, system, standards and structure of remuneration payments to independent directors, and describe the relationship between the responsibility, risk, time committed to the organization and other factors and the amount in remuneration to them: The remuneration of independent directors of the Company is determined by the board authorized by the Articles of Incorporation. Regardless of the Company's profit or loss, the board evaluate the independent directors' level of participation in and contribution to the Company's operation. The remuneration follows the standards among the industry peers both at home and abroad. The board shall not participate in the distribution of directors' remuneration.

Note 4: Except as disclosed in the above table, the directors have not provided services to all the companies listed in the financial reports to receive remuneration in the most recent fiscal year.

Note 5: Re-elected at the shareholders meeting on 2020/06/16, and the directors resigned.

Note 6: The original legal entity representative was Mrs. Chun-Mei Lin, and it was changed to Mrs. Lan-Ying Hsu on 2020/06/22.

Range of Remunerations

<table>
<tr><td rowspan="3">Range of Remunerations of Directors</td><td colspan="4">Name of Director</td></tr>
<tr><td colspan="2">Total of A+B+C+D</td><td colspan="2">Total of A+B+C+D+E+F+G</td></tr>
<tr><td>The Company</td><td>All companies in the financial statements
I</td><td>The Company</td><td>All reinvested businesses
J</td></tr>
<tr><td>under NT$1,000,000</td><td>Hung-Mao Tien
Chi-Lin Wei
Chin Kuei Investment Co., Ltd.
(Representative: Chun-Mei Lin)
Shang Ching Investment Co., Ltd.
(Representative: Ming-Hsien Yu)</td><td>Hung-Mao Tien
Chi-Lin Wei
Chin Kuei Investment Co., Ltd.
(Representative: Chun-Mei Lin)
Shang Ching Investment Co., Ltd.
(Representative: Ming-Hsien Yu)</td><td>Hung-Mao Tien
Chi-Lin Wei
Chin Kuei Investment Co., Ltd.
(Representative: Chun-Mei Lin)
Shang Ching Investment Co., Ltd.
(Representative: Ming-Hsien Yu)</td><td>Hung-Mao Tien
Chi-Lin Wei
Chin Kuei Investment Co., Ltd.
(Representative: Chun-Mei Lin)
Shang Ching Investment Co., Ltd.
(Representative: Ming-Hsien Yu)</td></tr>
<tr><td>NT$1,000,000 (including) ~ NT$2,000,000 (not including)</td><td>Yung-Cheng Chiang
Chun-Yi Tung
Chin-Fu Chang
Jui-Meng Chang</td><td>Yung-Cheng Chiang
Chun-Yi Tung
Chin-Fu Chang
Jui-Meng Chang</td><td>Yung-Cheng Chiang
Chun-Yi Tung
Chin-Fu Chang
Jui-Meng Chang</td><td>Yung-Cheng Chiang
Chun-Yi Tung
Chin-Fu Chang
Jui-Meng Chang</td></tr>
<tr><td>NT$2,000,000 (including) ~ NT$3,500,000 (not including)</td><td>Tien-Wen Chen</td><td>Tien-Wen Chen</td><td>Tien-Wen Chen</td><td>Tien-Wen Chen</td></tr>
<tr><td>NT$3,500,000 (including) ~ NT$5,000,000 (not including)</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>NT$5,000,000 (including) ~ NT$10,000,000 (not including)</td><td>Cheng Xin Investment Co., Ltd.
(Representative: Hsiao-Hsin Lin)
Yuan Xin Investment Co., Ltd.
(Representative: Ming-Sheng Lin)
Secom Co., Ltd.
(Representative: Sadahiro Sato)
(Representative: Takashi Nakata)
(Representative: Hirofumi Onodera)
Chin Kuei Investment Co., Ltd.
(Representative: Lan-Ying Hsu)
Heng-Yi Tu</td><td>Cheng Xin Investment Co., Ltd.
(Representative: Hsiao-Hsin Lin)
Yuan Xin Investment Co., Ltd.
(Representative: Ming-Sheng Lin)
Secom Co., Ltd.
(Representative: Sadahiro Sato)
(Representative: Takashi Nakata)
(Representative: Hirofumi Onodera)
Chin Kuei Investment Co., Ltd.
(Representative: Lan-Ying Hsu)
Heng-Yi Tu</td><td>Cheng Xin Investment Co., Ltd.
(Representative: Hsiao-Hsin Lin)
Secom Co., Ltd.
(Representative: Sadahiro Sato)
(Representative: Takashi Nakata)
Heng-Yi Tu</td><td>Cheng Xin Investment Co., Ltd.
(Representative: Hsiao-Hsin Lin)
Secom Co., Ltd.
(Representative: Sadahiro Sato)
(Representative: Takashi Nakata)
Heng-Yi Tu</td></tr>
<tr><td>NT$10,000,000 (including) ~ NT$15,000,000 (not including)</td><td>-</td><td>-</td><td>Secom Co., Ltd.
(Representative: Hirofumi Onodera)
Chin Kuei Investment Co., Ltd.
(Representative: Lan-Ying Hsu)</td><td>Secom Co., Ltd.
(Representative: Hirofumi Onodera)
Chin Kuei Investment Co., Ltd.
(Representative: Lan-Ying Hsu)</td></tr>
<tr><td>NT$15,000,000 (including) ~ NT$30,000,000 (not including)</td><td>Hsin Lan Investment Co., Ltd.
(Representative: Chien-Han Lin)</td><td>Hsin Lan Investment Co., Ltd.
(Representative: Chien-Han Lin)</td><td>-</td><td>-</td></tr>
<tr><td>NT$30,000,000 (including) ~ NT$50,000,000 (not including)</td><td>Hsiao-Hsin Lin</td><td>Hsiao-Hsin Lin</td><td>Hsiao-Hsin Lin
Hsin Lan Investment Co., Ltd.
(Representative: Chien-Han Lin)
Yuan Xin Investment Co., Ltd.
(Representative: Ming-Sheng Lin)</td><td>Hsiao-Hsin Lin
Hsin Lan Investment Co., Ltd.
(Representative: Chien-Han Lin)
Yuan Xin Investment Co., Ltd.
(Representative: Ming-Sheng Lin)</td></tr>
<tr><td>NT$50,000,000 (including) ~ NT$100,000,000 (not including)</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Over NT$100,000,000</td><td>-</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Total</td><td>18</td><td>18</td><td>18</td><td>18</td></tr>
</table>

2. Remuneration Paid to President and Vice Presidents

Unit: NT$ thousand

Title	Name	Salary (A)		Retirement Pension (B) (Note 4)		Bonuses, and Allowances (C)		Employee Earnings Distribution (D)				Sum of A, B, C and D as a percentage of net income		Whether or not the compensation from investees other than subsidiaries is received
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief Strategy Officer	Ming-Sheng Lin	59,457	60,012	-	-	38,466	43,580	253	-	253	-	4.11%	4.35%	25,093
CEO	Hirofumi Onodera													
CEO	Chien-Han Lin													
CEO	Jung-Kuei Li													
CEO	Hsing-Kuo Chou													
CEO	Su-Ling Chen													
General Manager	Lan-Ying Hsu													
General Manager	Wen-Liang Chiang													
General Manager	Fu-Hsing Liu													
General Manager	Chun-Yuan Chang													
General Manager	Han-Kuang Chu													
General Manager	Ching-Ming Lei													
Vice President	Chia-Ying Chen													
Vice President	Hsun-Ming Yu													
Vice President	Hidenori Takahata													
Vice President	Ching-Chung Teng													
Vice President	Nai-Sen Chang													
Vice President	Chia-Hui Lin													
Vice President	Sheng-Ying Cheng													
Vice President	Chih-Chiang Wang													
Vice President	Hsien-Kuei Huang													
Vice President	Chen-Lung Lu													
Vice President	Jui-Tung Chan													
Vice President	Pei-Hsiu Hung													

Note 1: The managers in this table are those who have disclosed that they received the allotted remuneration in 2019.
Note2: Cost of car purchase for Mangers of all companies in the consolidated reportNT$6,359 thousand.
Note3: Cost of salary for the drivers who drive the vehicles for managers of all companies in the consolidated reportNT$1,078 thousand.
Note4: The pensions listed in the above are the actual amount distributed. The appropriated amounts by the Company and all companies in the financial statements are both NT$2,061 thousand.

Range of Remunerations

President's and vice presidents' compensation brackets	Name of General Manager and Vice President	
	The Company	All reinvested businesses
under NT$1,000,000	-	-
NT$1,000,000 (including) ~ NT$2,000,000 (not including)	Jui-Tung Chan	Jui-Tung Chan
NT$2,000,000 (including) ~ NT$3,500,000 (not including)	Fu-Hsing Liu, Han-Kuang Chu, Chia-Ying Chen, Hsun-Ming Yu Ching-Chung Teng, Ni-Sen Chang, JIa-Hui Lin, Sheng-Ying Cheng Chih-Chiang Wang, Hsien-Kuei Huang, Chen-Lung Lu, Pei-Hsiu Hung	Fu-Hsing Liu, Han-Kuang Chu, Hsun-Ming Yu, Ching-Chung Teng Ni-Sen Chang, JIa-Hui Lin, Sheng-Ying Cheng, Chih-Chiang Wang Hsien-Kuei Huang, Chen-Lung Lu, Pei-Hsiu Hung
NT$3,500,000 (including) ~ NT$5,000,000 (not including)	Hirofumi Onodera, Lan-Ying Hsu, Chun-Yuan Chang, Chin-Ming Lei, Hidenori Takahata	Hirofumi Onodera, Chun-Yuan Chang, Ching-Ming Lei, Hidenori Takahata
NT$5,000,000 (including) ~ NT$10,000,000 (not including)	Ming-Sheng Lin, Chien-Han Lin, Jung-Kuei Li, Hsing-Kuo Chou, Su-Ling Chen, Wen-Liang Chiang	Ming-Sheng Lin, Jung-Kuei Li, Hsing-Kuo Chou, Su-Ling Chen Lan-Ying Hsu, Wen-Liang Chiang, Chia-Ying Chen
NT$10,000,000 (including) ~ NT$15,000,000 (not including)	-	Chien-Han Lin
NT$15,000,000 (including) ~ NT$30,000,000 (not including)	-	Ming-Sheng Lin
NT$30,000,000 (including) ~ NT$50,000,000 (not including)	-	-
NT$50,000,000 (including) ~ NT$100,000,000 (not including)	-	-
Over NT$100,000,000	-	-
Total	24	24

2-1. Remuneration for the Top Five Highest Paid Executives

Unit: NT$ thousand

Title	Name	Salary (A)		Retirement Pension (B)		Bonuses, and Allowances (C) (Note 1)		Employee Earnings Distribution (D)				Sum of A, B, C and D as a percentage of net income (%)		Whether or not the compensation from investees other than subsidiaries is received
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief Strategy Officer	Ming-Sheng Lin	4,778	4,778	-	-	2,889	3,199	12	-	12	-	0.32%	0.33%	21,447
CEO	Chien-Han Lin	5,495	5,495	-	-	4,144	4,664	12	-	12	-	0.40%	0.43%	650
CEO	Jung-Kuei Li	4,778	4,778	-	-	3,926	4,202	12	-	12	-	0.36%	0.38%	-
CEO	Su-Ling Chen	2,978	3,098	-	-	2,738	3,960	12	-	12	-	0.24%	0.30%	-
CEO	Hsing-Kuo Chou	3,578	3,603	-	-	2,744	3,169	12	-	12	-	0.27%	0.28%	-

Note1: Cost of car purchase for Chief Strategy Officer in the consolidated report NT$1,749 thousand, and the cost of salary for the driver who drove for Chief Strategy Officer in the consolidated report NT$600 thousand.

3. Employee Remuneration Distributed to Managerial Officers and Distribution Situation

March 31, 2021
Unit: NT$ thousand

Title	Name	Stock dividends	Cash dividends	Total	% in net earnings after tax (%)
Chief Strategy Officer	Ming-Sheng Lin	-	254	254	0.01%
CEO	Hirofumi Onodera				
CEO	Chien-Han Lin				
CEO	Jung-Kuei Li				
CEO	Hsing-Kuo Chou				
CEO (Note 1)	Su-Ling Chen				
General Manager	Lan-Ying Hsu				
General Manager	Wen-Liang Chiang				
General Manager	Chun-Yuan Chang				
General Manager	Chin-Ming Lei				
Vice President	Chia-Ying Chen				
Vice President	Hsun-Ming Yu				
Vice President	Hidenori Takahata				
Vice President	Ching-Chung Teng				
Vice President	Nai-Sen Chang				
Vice President	Chia-Hui Lin				
Vice President (Note 1)	Sheng-Ying Cheng				
Vice President	Chih-Chiang Wang				
Vice President	Hsien-Kuei Huang				
Vice President	Chen-Lung Lu				
Vice President	Jui-Tung Chan				
Vice President	Pei-Hsiu Hung				
Vice President	Hui-Ching Chang				
Vice President	Yun-Fang Liu				

Note: The remuneration paid to employees by the Company is based on the number of employees.
Note1: Su-Ling Chen assumes the position of Chief Executive Officer and Chief Accounting Officer concurrently. Sheng-Ying Cheng assumes the position of the Vice President and Financial Manager.

4. Separately compare and describe total remuneration, as a percentage of net income stated in the standalone or individual financial statements, paid by the Company and by each of the companies included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, president, and vice presidents, and analyze and describe remuneration policies, standards and packages, the procedure for determining remuneration and its linkage to operating performance and future risk exposure:
   (1). Analysis of the total remuneration paid by the Company and all firms disclosed in the consolidated financial statements, as a percentage of net income in the standalone financial reports, to directors of the board, supervisors, the president and vice presidents during the most recent two years:

Title	Compensation as a percentage of net income			
	2020		2019	
	The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)	All companies in the financial statements
Director	6.81%	6.91%	6.94%	6.97%
CEO, executive officers, president and vice presidents	4.11%	4.35%	4.66%	5.00%

Note. The Company has established the positions of independent directors since 2017/06/22, so there are no supervisors.

   (2). Description of the policies, criteria and composition of compensation; the procedures to determine compensation, and their interrelationship with business performance and future risks.

"The remuneration of directors is authorized at board meetings based on their level of participation in and contribution to the Company's operation. The remuneration follows the standards among the industry peers. The salary and remuneration of the Company's managers are reviewed by the salary and remuneration committee and submitted to the board of directors for approval.
The Company's salary and remuneration policies are based on the Company's financial position operating results and future capital utilization plans, and the remuneration to directors and supervisors and bonuses to employees are distributed in accordance with Article 26 of the Articles of Incorporation to minimize the possibility of future risks."

3-3. Implementation of Corporate Governance

3-3-1. Operation of the board of directors:

The 15th and 16th term of Board of Directors held a total of 5 meetings (A) during 2020 and up to the date of this annual report. The attendance of Directors was as follows:

Title	Name	Attendances (B)	Attendances by proxy	Attendance Rate (%) [B/A]	Remark
Chairman	Cheng Hsin Investment Co., Ltd. Rep: Hsiao-Hsin Lin	1	0	100%	Previous term, June 16, 2020 Re-elected entirely
Chairman	Cheng Hsin Investment Co., Ltd. Rep: Hsiao-Hsin Lin	3	1	75%	Re-elected, June 16, 2020 Re-elected entirely
Vice Chairman	Hsin Lan Investment Co., Ltd. Rep: Chien-Han Lin	1	0	100%	Previous term, June 16, 2020 Re-elected entirely
Vice Chairman	Hsin Lan Investment Co., Ltd. Rep: Chien-Han Lin	4	0	100%	Re-elected, June 16, 2020 Re-elected entirely
Director	Yuan Hsin Investment Co., Ltd. Rep: Ming-Sheng Lin	1	0	100%	Previous term, June 16, 2020 Re-elected entirely
Director	Yuan Hsin Investment Co., Ltd. Rep: Ming-Sheng Lin	4	0	100%	Re-elected, June 16, 2020 Re-elected entirely
Director	Secom Co., Ltd. Rep: Sadahiro Sato	1	0	100%	Previous term, June 16, 2020 Re-elected entirely
Director	Secom Co., Ltd. Rep: Sadahiro Sato	4	0	100%	Re-elected, June 16, 2020 Re-elected entirely
Director	Secom Co., Ltd. Rep: Kenji Murakami	1	0	100%	Previous term, June 16, 2020 Re-elected entirely
Director	Secom Co., Ltd. Rep: Kenji Murakami	4	0	100%	Re-elected, June 16, 2020 Re-elected entirely
Director	Secom Co., Ltd. Rep: Hirofumi Onodera	1	0	100%	Previous term, June 16, 2020 Re-elected entirely
Director	Secom Co., Ltd. Rep: Hirofumi Onodera	4	0	100%	Re-elected, June 16, 2020 Re-elected entirely
Director	Hung-Mao Tien	1	0	100%	Previous term, June 16, 2020 Discharged upon re-election
Director	Heng-Yi Tu	1	0	100%	Previous term, June 16, 2020 Re-elected entirely
Director	Heng-Yi Tu	1	0	100%	Re-elected, June 16, 2020 Re-elected entirely
Director	Chi-Lin Wei	1	0	100%	Previous term, June 16, 2020 Discharged upon re-election
Director	Chin Kuei Investment Co., Ltd. Rep: LIN Chun-Mei	1	0	100%	Previous term, June 16, 2020 Re-elected entirely

Title	Name	Attendances (B)	Attendances by proxy	Attendance Rate (%) [B/A]	Remark
Director	Chin Kuei Investment Co., Ltd. Rep: LIN Chun-Mei	1	0	100%	Re-elected, June 16, 2020 Re-elected entirely
Director	Chin Kuei Investment Co., Ltd. Rep: Lan-Ying Hsu	3	0	100%	In replacement of Lin, Chun-Mei on June 23, 2020
Director	Shang Jing Investment Co., Ltd. Rep: Ming-Hsien Yu	1	0	100%	Previous term, June 16, 2020 Discharged upon re-election
Independent Director	Tien-Wen Chen	1	0	100%	Previous term, June 16, 2020 Re-elected entirely
Independent Director	Tien-Wen Chen	3	0	100%	Re-elected, June 16, 2020 Re-elected entirely
Independent Director	Chin-Fu Chang	1	0	100%	Previous term, June 16, 2020 Discharged upon re-election
Independent Director	Yung-Cheng Chiang	3	0	100%	New term, June 16, 2020 Re-elected entirely
Independent Director	Jui-Meng Chang	1	0	100%	Previous term, June 16, 2020 Discharged upon re-election
Independent Director	Chun-I Tung	3	0	100%	New term, June 16, 2020 Re-elected entirely

Other information required for disclosure:

I. Where the operation of the Board of Directors meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, opinions of all independent directors and the Company's resolution of said opinions:

(I) Matters specified in Article 14-3 of the Securities and Exchange Act or any opposition or qualified opinions that Independent Directors have expressed and were recorded or declared in writing: Not applicable, due to not having such circumstances.

(II) In instances where a director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: Motions of the 4th meeting of the 16th Board of Directors of the Company on March 19, 2021 are as follows:

1. Appointment and remuneration of managerial officers:
   (1) Name of directors: Hirofumi Onodera, Chien-Han Lin, Ming-Sheng Lin, Lan-Ying Hsu.
   (2) Reasons for avoiding conflict of interest: Involving self-interest.
   (3) Participation in voting:
      1. Mr. Chien-Han Lin (vice chairman), Mr. Hiroshi Onodera (director and chief executive officer), Mr. Ming-Sheng Lin (director and chief strategy officer), and Ms. Lan-Ying Hsu (director and general manager), did not participate in the discussion and voting of this motion in accordance with the law.
      2. All directors (including independent directors) presented (except for vice chairman Chien-Han Lin, and director Hirofumi Onodera, Ming-Sheng Lin and Lan-Ying Hsu) consent to the passing of the resolution without raising any objection when the Chairman puts forward the motion for approval.
2. Motion of the Company's donation to "Taiwan Secom Cultural Foundation":
   (1) Name of directors: Hsiao-Hsin Lin, Chien-Han Lin.
   (2) Reasons for avoiding conflict of interest: Involving self-interest.
   (3) Participation in voting:
      1、 Mr. Hsiao-Hsin Lin (chairman) and Mr. Chien-Han Lin (vice chairman) did not participate in the

discussion and voting of this motion in accordance with the law. Chairman Hsiao-Hsin Lin appointed Director Chen Tian-Wen as the acting chairman to chair the discussion and resolution of the motion.

2、 All other directors and independent directors presented consent to the passing of the resolution without raising any objection when the acting chairman puts forward the motion for approval.

II. Objectives of enhancing the Board of Directors’ functions in the current year and the most recent year: None.

III. TWSE and TPEx listed companies shall disclose the information on the periodicity and duration, scope, manner and content of the performance assessment of the Board of Directors' (self-assessments or peer-to-peer assessments), and shall complete Table II (2) on the implementation of the Board of Directors' assessment:

Assessment Cycle	Assessment Period	Assessment Method	Scope of Assessment	Assessment Content
Once a year	2020/1/1-2020/12/31	1. Board of Directors 2. Individual Board Members 3. Functional Committees	1. Internal Self-Assessment by the Board of Directors 2. Self-assessment of Board Members 3. Audit Committee Internal Self-Assessment 4. Salary and Compensation Committee Internal Self-Assessment	1. Participation in the company's operations 2. Improving the quality of decisions made by the Board of Directors (and Functional Committees) 3. Composition and Structure of the Board of Directors (and Functional Committees) 4. Election of Directors (and Functional Members) and Continuing Education 5. Internal Control

IV. Assessment of implementation: The Company complied with the Procedure for Board of Directors Meetings and improve information transparency of the Board to maximize its functionalities.

Note 1: Directors, supervisors who are institutional shareholders, shall disclose the name of the institutional shareholder and the name of its representative.

Note 2: (1) If there has any director supervisor is resigned before the end of the year, shall note the date of resigning in the remark field, the actual attendance rate will then be calculated based on the number of meeting times of the Board of Director during the person's service period, and the actual attendance of the director supervisor.

(2) If a re-election of directors or supervisors had taken place prior to the close of the financial year, directors/supervisors of both the previous and the current term shall be listed; in which case, the remarks column would specify the re-election date and whether the director/supervisor was elected in the previous term, the new term, or both. The actual attendance rate (%) is calculated based on the number of meeting times of the Board of Directors and the actual attendance of the independent director.

3-3-2. The operation of the Audit Committee:

The Audit Committee held 4 [A] meetings in the most recent fiscal year. The record of the Independent Directors' attendances is shown below:

Title	Name	Attendances (B)	Attendances by proxy	Attendance Rate (%) [B/A]	Remark
Independent Director	Tien-Wen Chen	4	0	100%	
Independent Director	Chin-Fu Chang	4	0	100%	
Independent Director	Jui-Meng Chang	4	0	100%	

Other information required for disclosure:

I. Where the operation of the audit committee meets any of the following circumstances, the minutes concerned shall clearly state the meeting date, term, contents of motions, audit committee's resolution and the Company's resolution of audit committee's opinions:
   (I) Matters specified in the Article 14-5 of the Securities and Exchange Act: None.
   (II) Aside from said circumstances, resolution(s) not passed by the audit committee but receiving the consent of two-third of the Board of Directors: None.

II. In instances where an independent director recused himself/herself due to a conflict of interest, the minutes shall clearly state the director's name, contents of the motion and resolution thereof, reason for not voting and actual voting counts: None.

III. The main annual duties of the Audit Committee:

Date of meeting	Motion
2020.03.20	1.Approval of the Company's 2019 financial statements. 2.Approval of the proposed the Company's 2019 earnings distribution. 3. Approval of the Company's 2019 "Statement of Internal Control System." 4. Approval of the application for credit facilities from financial institutions.
2020.05.06	1. Approval of the Company's 2020 Q1 financial reports
2020.08.13	1.Approval of the acquisition of operating assets accumulated to NTD 300 million or more from subsidiary Titan Star International Co., Ltd. 2.Approval of the Company's 2020 Q2 consolidated financial reports. 3. Approval of re-formulating part of the Company's "Financial Statement Preparation Process." 4. Approval of the amendments to the Company's "Internal Audit Operations" and "Self-assessment Method for Inter Control System." 5.Approval of the application for credit facilities from financial institutions. 6.Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.
2020.11.10	1.Approval of the Company's 2020 Q3 consolidated financial report. 2.Approval of the Company's periodical evaluation for the independence of CPAs. 3. Approval of the Company's 2021 audit plan. 4. Approval of the application for credit facilities from financial institutions. 5.Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.

IV. Communication between independent directors and internal/external auditors:
   1. During the audit committee meetings, the independent directors receive reports from the chief internal auditor on important findings and improvements and provide their comments or instructions. The audit reports are provided monthly, and communication is usually conducted by telephone or e-mail. This has a practical effect on monitoring the effective implementation of the Company's internal control.
   2. The independent directors and the CPA hold talks before the Audit Committee meetings to communicate major matters regarding the Company's Financial Statements and the Company's operations, and no disagreement occurred as a result of the communication.

Note:

*If any Independent Directors resigned before the end of the year, the date of resignation shall be stated in the "Remarks" column, and the actual attendance rate (%) shall be calculated based on the number of meetings during their tenure and their actual numbers of attendance.

*Where a re-election of independent directors takes place before the end of the year, both the previous and new terms of independent directors shall be listed; in which case, the remarks column would specify the re-election date and whether the independent director was elected in the previous term, the new term, or both. The actual attendance rate (%) is calculated based on the number of times of the audit committee's meeting and the attendance of the independent director.

3-3-3. Implementation of corporate governance, any departure of such implementation from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such departure:

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Does the Company stipulate and disclose the corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies"?	✓		The Company has formed and reviewed the appropriateness of the regulation from time to time to amend it and disclosed the regulation on the company's official website (http://www.sigmu.com.tw).	No Significant Discrepancy
II. The shareholding structure of the Company and shareholders' rights and interests (I) Has the Company implemented a set of internal procedures to handle Shareholders' suggestions, queries, disputes, and litigations?	✓		(I) In order to ensure shareholders' rights and interests, the Company has appointed the spokesman or deputy spokesman as the contact window to deal with shareholders' suggestions in accordance with the matters raised by the shareholders (referring to the inquiries by phone or at the shareholders' meeting or in other written ways).	No Significant Discrepancy
(II) Does the Company have a list of major shareholders who actually control the company and a list of shareholders who ultimately control these major shareholders?	✓		(II) Each major shareholder informs the Company of the increase or decrease of equity in the previous month at the beginning of each month. The Company aggregates information of change in equity of all major shareholders and declares it at the MOPS.	No Significant Discrepancy
(III) Does the Company create and implement risk control and firewall mechanism with the related companies?	✓		(III) The operation, business and financial transactions between the Company and its affiliates are clearly defined, and the risk assessment and the establishment of appropriate firewalls are implemented. The audit procedures are regularly implemented to achieve the risk control mechanism.	No Significant Discrepancy
(IV) Has the Company established internal policies that prevent insiders from trading securities against non-public information?	✓		(IV) In order to prevent insider trading, the Company established the Internal Procedures for Handling Material Information and the provisions of Article 21 of the Procedures for Ethical Management and Guidelines for Conduct.	No Significant Discrepancy

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
III. Composition and responsibilities of the board of directors (I) Has the Board established and implemented policies to ensure the diversity of it?	✓		(I) The nomination of the Company’s Directors is conducted in accordance with the laws, regulations, and the Company’s Articles of Incorporation. The Company has established 14 Directors' seats in accordance with the Company Act and the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies. All Directors have work experience or expertise in the area of commerce, law, finance, accounting, or other necessary fields for the information and communication industry.	No Significant Discrepancy
(II) Apart from the Compensation Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	✓		(II) The Company has set up an audit committee with three members who are all independent directors; a compensation committee with three members, one of which is an independent director; a corporate social responsibility committee consists of a management team and regularly reports to the board of directors on the implementation status and achievement.	No Significant Discrepancy
(III) Has the Company established the methodology for evaluating the performance of its Board of Directors, and conducted such evaluation on an annual basis?	✓		(III) The Company conducts the Board of Directors’ performance assessment before the end of each year. The assessment is based on the number of meetings attended, extent of active participation in meetings, and the number of annual continuous education hours. Please refer to *	No Significant Discrepancy
(IV) Does the Company assess the independence of external auditors on a regular basis?	✓		(IV) The Company’s accounting department evaluates the independence of the CPA once a year. The results were submitted to the board of directors’ meeting for review and approval on November 10, 2020. Both Chien-Ju Yu and Hsin-Min Hsu, CPAs of Ernst & Young's, are in compliance with the Company's independence evaluation criteria, and are capable of serving as the Company's CPA, and a statement of independence from Ernst & Young is issued. (Note 1)	No Significant Discrepancy
IV. Has the Company established the full (or part) time unit or personnel responsible for corporate governance matters	✓		The Company’s Corporate Planning Office is the part-time unit responsible for corporate governance matters (including but not limited to, providing the required documents for execution of	No Significant Discrepancy

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(including but not limited to, providing the required documents for execution of business to the directors and supervisors, administering matters regarding the meeting of the Board of Directors and general meeting of shareholders pursuant to the laws, conducting and changing the registry of the Company, and preparation of minutes of the Board of Directors and general meeting of shareholders)?			business to the directors and supervisors, administering matters regarding the meeting of the Board of Directors and general meeting of shareholders pursuant to the laws, conducting and changing the registry of the Company, and preparation of minutes of the Board of Directors and general meeting of shareholders)?	
V. Does the Company establish communication channels with the stakeholders and create an area of stakeholders on the Company's website, and appropriately respond to the important corporate social responsibility subjects concerned by the stakeholders?	✓		The Company provides on its corporate website: the complete contact information of spokesman, deputy spokesman, stock affairs, customer service, etc. The communication channels are smooth.	No Significant Discrepancy
VI. Does the Company entrust a professional shareholder services agency to conduct matters regarding the shareholders meeting?	✓		The Company authorized Yuanta Securities as shareholder services agent.	No Significant Discrepancy
VII. Information disclosure (I) Does the Company create a website to disclose information regarding its finance, business operations and corporate governance? (II) Does the Company adopt other methodology of information disclosure (such as creating an English website, appointing a dedicated person to be responsible for the collection	✓ ✓		(I) The Company's website, http://www.secom.com.tw, discloses financial, business, corporate governance and other material information. (II) The Company's website, http://www.secom.com.tw, is mainly in Chinese, and the relevant units are responsible for the collection and disclosure of information. A spokesman and a deputy spokesman are also available to implement the spokesman system.	No Significant Discrepancy No Significant Discrepancy

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
and disclosure of the Company's information, implementing the spokesperson system, and uploading videos of the investor conferences on the company's website)?				
(III) Does the Company announce and file its annual financial statements within two months after the end of the fiscal year, and announce and file the first, second and third quarters and the monthly operating status in advance of the specified deadline?			(III) During 2020, all of the public announcements and filings were completed on the day the financial statements were approved by the board of directors. The financial statements for 2019 and the first through third quarters of 2020 were announced and filed respectively on March 26, May 11, August 14 and November 12, 2020, the dates of the Board of Directors' approval; and the revenue for each month were completed by the 10th of the following month.	No Significant Discrepancy
VIII. Does the Company have other important information that can help people to understand the operations of corporate governance (including but not limited to the employees' rights, employee care, Investor relations, supplier relation, rights of interested parties, training status of directors and supervisors, implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company, etc.)?	✓		(I) Interests and rights of employees: the Company protects the legitimate rights and interests of employees according to the law. (II) Care for employees: The Company pays great attention to employee benefits, sets up employee welfare committees and appropriate employee benefits in accordance with the law so that employees can enjoy various welfare measures. (III) Investor relations: The Company's website is maintained by a dedicated unit to disclose the Company's financial status and related information timely. The Company has established a spokesman and deputy spokesman system to publish financial and business information to the public through MOPS, newspapers and magazines. (IV) Supplier relations: The Company signs purchase contracts with manufacturers, handles the purchase according to the contract, and regularly evaluates them based on the price, payment terms, delivery date, degree of cooperation and quality. (V) Stakeholders relations: The company is	No Significant Discrepancy

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			committed to the development of the industry, and actively strives for opportunities for cross-industry alliance. For the benefit of employee, creditors and shareholders, it strives to pursue the harmony of information, rights and obligations. (VI) Continuing education for directors and supervisors: The Company provides continuing education information related to corporate governance to directors and supervisors in a timely manner. (VII) The implementation status of risk management policies and risk measurement standards: 1. The Company has established relevant management methods for related parties, investees, endorsement/guarantee, etc. In addition to conduct in accordance with the management methods, all of the transaction are subject to the approval of the board of directors through a professional evaluation meeting convened by the Company. 2. The Company operates steadily and is fully focused on the investments and operations in its own industry. (VIII) Implementation of customer policies: The Company has a customer service center, regularly conducts provincial customer satisfaction surveys and establishes a complete customer complaint handling mechanism to protect consumer rights. (IX) The Company has taken out liability insurance to cover the potential legal liability of the directors in performing their duties. It has renewed the liability insurance policies of Fubon Insurance and Tokio Marine Newa Insurance in the amount of US$5 million on July 1, 2020, to reduce and diversify the risk of significant damage to the Company and its	

<table>
<tr><th rowspan="2">Items</th><th colspan="3">Implementation Status</th><th rowspan="2">Differences with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>shareholders due to errors or omissions. The coverage amount of liability insurance and the coverage of the parent and subsidiaries were reported at the latest board of directors' meeting (on August 13, 2020).</td><td></td></tr>
<tr><td colspan="5">IX. Please explain the improvement status of the corporate governance assessment results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose improvement measures for those matters that have not been improved.
For items that were not scored in the corporate governance assessment in 2020, the Company will focus on improving information transparency and corporate social responsibility in 2021, and the improvement items are expect to be complete. It will also continue the efforts to enhance information transparency, carry out corporate social responsibility, and conduct corporate governance assessments to strengthen corporate governance information.</td></tr>
</table>

※ Board of Directors’ performance assessment

In order to implement corporate governance, the Company's Board of Directors' Meeting on August 13, 2020 approved the revision of the "Performance Evaluation Method for the Board of Directors." The internal board performance evaluation is conducted at least once a year to enhance the board's function and strengthen the efficiency of the board's operation by clearly defining performance objectives.

Plan and conduct the performance evaluation of the board of directors, including the performance evaluation of the board of directors as a whole, individual board members and functional committees. At the end of each year, the Board of Directors collects information about the Board's activities, distributes the "Self-Assessment Questionnaire for Board Members" and the "Self-Assessment Questionnaire for Functional Committees" to each director and member, and scores each assessment item based on the actual operation of the Board, so as to compile the results of the Board's performance evaluation and report to the Board of Directors.

Evaluation Type	Evaluation Method	Evaluation Criteria	Evaluation Result
Performance evaluation of the board of directors as a whole	Evaluated by the agenda working unit based on the actual operation of the Board	The Criteria covers the following five aspects: 1. Engagement in the operation of the Company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal control	The total score was **90.54**, and the evaluation result was excellent. The +evaluation results indicated that the overall operation of the Board of Directors of the Company was satisfactory and in line with the spirit of corporate governance.
Performance evaluation of individual board members	Evaluated by each board members	The Criteria covers the following six aspects: 1. Alignment of the goals and missions of the Company 2. Awareness of the duties of a director 3. Engagement in the operation of the Company 4. Management of internal relationship and communication 5. The director's professionalism and continuing education 6. Internal control	The overall average score was **92.98**, and the evaluation result was excellent. The evaluation results showed that the directors of the Company had positive comments on the efficiency and effectiveness of the operation of each evaluation criteria.
Performance evaluation of functional committees	Evaluated by each functional committee	The Criteria covers the following five aspects: 1. Engagement in the operation of the company 2. Awareness of the duties of the functional committee 3. Improvement of quality of decisions made by the functional committee 4. Makeup of the functional committee and election of its members 5. Internal Control.	The average scores of the compensation Committee and the Audit Committee were **97.81** and **98.01**, respectively, and both of which were excellent. The evaluation results showed that the functional committees had positive comments on the efficiency and effectiveness of the operation of each appraisal indicator.

The contents and recommendations of the above performance evaluation were reported to the Board of Directors’ meeting on March 19, 2021.

Note 1: Statement of independence from Ernst & Young.

Statement of Independence Issued by Ernst & Young Accounting Firm
(Translated from the above Chinese version)

(2020) Ernst & Young Letter No. 110031

To Taiwan Secom Co., Ltd. Board of Directors and Audit Committee

This statement is an annual communication on the independence of accountants in accordance with the provisions of the National Standards on Auditing for the review of the consolidated financial statements of 2020.

In accordance with the provisions of the National Standards on Auditing, the accountant shall provide to the governing unit the personnel, the firm and the affiliated firm that are subject to the independence of the firm. It has complied with the statement of independence in the accountant's ethical practice and communicated all possible matters (including related protective measures) that are considered to affect the independence of the accountant.

Based on the professional judgment of the accountant, it is not aware that there is a relationship between the firm or the alliance firm and your company that may be recognized as affecting independence and other matters.

This statement is for your Company's board of directors, audit committee, management, and other personnel within your Company and may not be used for any other purpose.

Best Regards

Ernst & Young, Taiwan

Accountant:
Chien-Ju Yu
Hsin-Min Hsu

November 10, 2020

3-3-4. The composition, duties, and operation of the Company's Compensation Committee disclosed

1.Information of the members of the compensation Committee

Identity (Note 1)	Criteria / Name	With five or more years of experience and the following professional qualifications			Status of independence (Note 2)								Number of listed companies that the members of the compensation committee concurrently serve in	Remark (Note 2)
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	Passed the qualification examination with proper licensing by the national government as a court judge, prosecutor, lawyers, certified public accountant or other professional designations required by the business of the company	Commercial, legal, financial, accounting or other work experiences required to perform the Company's operations	1	2	3	4	5	6	7	8		
Independent Director	Tien-Wen Chen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Yung-Cheng Chiang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	3	
Independent Director	Chun-Yi Tung	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2	

Note 1: Please specify director, independent director or others.

Note 2: Members, during the two years before being elected and during the term of office, meet any of the following situations, please "✓" the appropriate corresponding boxes.

(1) Not an employee of the company or any of its affiliates.

(2) Not a director or supervisor of the company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the company, its parent company, or any subsidiary, as appointed in accordance with the laws of Taiwan or with the laws of the country of the parent company or subsidiary

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the Company or ranks as one of its top ten shareholders.

(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs.

(5) Not a director, supervisor, or employee of a corporate/institutional shareholder that directly holds five percent or more of the total number of issued shares of the Company or ranks as of its top five shareholders.

(6) Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of the Company or an institution that has a financial or business relationship with the Company.

(7) Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the company or to any affiliate of the company, or a spouse thereof;

(8) Does not meet any of the conditions stated in Article 30 of The Company Act.

Note 3: If the members are directors, please indicate whether they meet the requirements of Article 6, Paragraph 5 of the "Regulations Governing the Appointment and Exercise of Powers by the compensation Committee of a Company Whose Stock is listed on the Taiwan Stock Exchange or the Taipei Exchange."

2. Duties of compensation committee

Assist the Board of Directors in implementing, regularly evaluating and reviewing the compensation policies, systems, standards and structures of the Company's directors and managerial officers. In addition, the compensation committee shall faithfully perform the following duties with attention as a good administrator and shall submit its recommendations to the Board of Directors for discussion.

(I) Stipulate and regularly review the performance of the directors and managers; as well as the compensation policies, systems, standards and structure.

(II)Regularly evaluate and stipulate director and manager compensation.

3. Matters completed under laws and regulations: Please refer to the Company’s website for the Compensation Committee Charter.

4. Compensation committee operations

(1)The compensation committee of the Company consists of 3 members.

(2)The term of office of the current members is from June 16, 2020 to June 15, 2023. The compensation committee held a total of three meetings (A) in 2020 and up to the date of this annual report. The qualifications and attendance of the committee members are shown as follows:

Title	Name	Actual attendance (B)	Attendances by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	Jui-Meng Chang	1	0	100%	Previous term, Discharged upon re-election on June 16, 2020
Convener	Tien-Wen Chen	3	0	100%	Re-elected upon the re-election on June 16, 2020
Member	Chen, Tai-Jan	1	0	100%	Previous term, Discharged upon re-election on June 16, 2020
Member	Yung-Cheng Chiang	2	0	100%	New term upon re-election on June 16, 2020
Member	Chun-Yi Tung	2	0	100%	New term upon re-election on June 16, 2020

Other information required for disclosure:

I. If the board of directors declines to adopt or modifies a recommendation of the compensation committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company’s response to the remuneration committee’s opinion (e.g., if the remuneration passed by the board of directors exceeds the recommendation of the compensation committee, the circumstances and cause for the difference shall be specified): None.

II. Resolutions of the compensation committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members’ opinions and the response to members’ opinion should be specified: None.

III. Annual work highlights of the compensation committee

Date of meeting	Motion
2020.03.13	1. Approval of the proposed distribution of 2019 remuneration to directors, managerial officers and employees.
2020.08.13	2. Approval of the compensation system for directors (including independent directors) and managerial officers, and the relevant matters.
2021.03.19	3. The proposal of the distribution of 2020 remuneration to directors, managerial officers and employees.

3-3-5. Fulfillment of social responsibility, deviation, and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies:

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
I. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 3)	✓		I. The Company chooses five major aspects based on the principle of materiality and the GRI: dependence, responsibility, tension, influence, and multiple perspectives, as well as policies, strategic intentions, and other principles. Based on these principles, the Company decides on stakeholders, which include: employees, customers, investors, government agencies, community residents, and suppliers. The main stakeholders are concerned about issues and communication channels. In order to communicate effectively with them, we have established a CSR website.	No significant differences
II. Does the Company have a full-(or part-) time CSR unit with Board of Directors authorization for senior management, which reports to the Board of Directors?	✓		II. The full-(or part-) time CSR unit of the Company is the “Human Resource Department.” The head of the unit is responsible for the revision and implementation of this regulation, and regularly attends the board of directors' meeting to report the implementation status to the board of directors.	No significant differences
III. Environmental issues (I) Does the Company set an Environmental management system designed to industry characteristics?	✓		(I) The Company belongs to the security service industry, and originally was not involved in manufacturing environmental management. However, considering the manufacturing, materials, procedures, quality, and corporate social responsibility, the Company appointed the 100% owned subsidiary Titan Star International Co., Ltd., (ISO14000 certified) to be responsible for the production of security equipment, and implement lead-free environmentally-friendly materials and process management.	No significant differences
(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with	✓		(II)The various security hosts and peripherals are provided to our customers on a rental basis, therefore each devices can be recycled to	No significant differences

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
low environmental impact?			reduce the impact on the environment.	
(III) Does the Company assess the potential risks and possibilities of climate change regarding the Company now and in the future, and take measures to respond to climate-related issues?	✓		(III)The Company devotes to promote the smart green buildings, energy-saving and environmental protection. In addition to the establishment of an energy-saving management system in the Neihu Science and Technology Building and various operating offices, the next-generation NXT next-generation business management host has obtained various environmental labels such as EU WEEE, EU ErP, TUVdocCOM, and EU RoHS. In addition to the above-mentioned carbon reduction management, the Company adopts MyCASA smart house management, NXT next-generation business management, and building automation management systems. All of them have functions such as power measurement and demand control, which can further assist customers to jointly promote energy conservation and carbon reduction and greenhouse gas emission reduction.	No significant differences
(IV) Does the Company record its greenhouse gas emissions, water consumption, and total weight of waste produced in the past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption, or other waste management?	✓		(IV)The relevant management policies and actions of the Company in response to climate change are described in the corporate social responsibility report issued each year. The report contains policy directions and planning actions, which are disclosed in Chapter 5 of the Corporate Social Responsibility Report. Please see for details. In order to implement the promotion of related sustainable operations and expand the upcoming chapter of the 2019 Corporate Social Responsibility Report, the Company will expand the scope of the original presentation to all units and present all the usage data in a comprehensive manner to plan the future mitigation of climate change and greenhouse gas emissions.	No significant differences

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
IV. Social issues (I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		(I) The Company complies with the relevant domestic labor laws and regulations. Regarding work rules or management regulations, the Company establishes a code of work or service for its employees; in the workplace, it provides an equal working environment for both genders. The promotion and salary level of employees are based on their performance and contribution. Salary standards are based on the position/service and do not vary by gender. It also provides a system of unpaid parental leave for both male and female employees. Therefore, it does not violate any international human rights conventions.	No significant differences
(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation, and other benefits, etc.), and appropriately reflect the results of operating performance in employee remuneration?	✓		(II) In order to encourage and urge employees' dedication and diligence, the Company established specific personnel reward and punishment regulations. In addition to requesting immediate improvement, employees who violate any rules will be reported for punishment depending on the severity of the situation. The results of rewards and punishments are linked to the performance review system and remuneration system, so that employees can comply with relevant laws and regulations and internal control mechanisms when engaging in various operational activities, in order to fulfill the spirit of corporate social responsibility.	No significant differences
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		(III) The Company has been awarded the "Healthy Workplace Self-Certification Health Promotion Label" by the Taipei City Government for many years. It has also won the "Health Excellence Award," and " LE CHUN Health Award." The Company also regularly conducts employee	No significant differences

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			health checks in accordance with the Labor Health Protection Rules.	
(IV) Has the Company established effective career development training plans?	✓		(IV) In the job classification system, based on the needs of the Company, it established career paths for employees and implemented them into the training system, providing training on skills, management, and self-awareness for relevant personnel through seven courses. It also established relevant training knowledge base to provide online reference for employees. All products are subject to certification procedures such as safety spec., BSMI, NCC, etc. according to their category attributes and in accordance with the relevant regulations in Taiwan.	No significant differences
(V) Does the company follow relevant laws, regulations and international standards and establish polices and consumer appeal procedures for health and safety, customer privacy, marketing and labeling of products and customers served?	✓		(V) For imported product, it must be provided with the CE, FCC and other certificated documents by the importer first and supplement the relevant certification procedures required for sales in Taiwan in accordance with the relevant local regulations.	No significant differences
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	✓		(VI) In the procurement contract, a relevant provision of "Corporate Social Responsibility (CSR)" has been added to announce the relevant constraints on the procurement counterparties. The provisions are as follows: Article 8 of CSR, Party B is committed to Party A's commitment to CSR based on the concept of sustainable management, and is willing to work with stakeholders affected by business operations, including employees, customers, suppliers, partners, shareholders, and even the natural environment, together to create sustainable harmony and mutually beneficial development. Its commitments are as follows: 1. Do not use force, coercion, debt-forcing, contractual or involuntary labor.	No significant differences

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			2. It is forbidden to employ child laborers under the age of 15 to perform labor. For minors under the age of 18, they shall not be allowed to engage in heavy and dangerous work, and shall not engage in night shift work. 3. The salaries and benefits paid to employees shall be in accordance with all current legal requirements: including laws related to the calculation of minimum wages, overtime pay and statutory benefits. A payroll or related document shall also be provided as a basis for employees to understand the salary content. 4. Treat each employee fairly and do not treat employees with inhumane methods such as brutality, insult, abuse, etc. In addition, the Company must ensure that employees are not discriminated against on opportunities such as hiring, promotion, rewards, and training due to factors such as race, skin color, age, gender, disability, pregnancy, religion, political faction, or marital status. 5. Employees must not be forced to undergo discriminatory medical examinations. 6. Provide a healthy and safe working environment, protect women and night work safety. As well as establish policies for sexual harassment prevention and control and set up appeal hotlines and mailboxes, and announce that to all employees. At the same time, the restrictions from	

<table>
<tr><th rowspan="2">Assessment Item</th><th colspan="3">Implementation Status (Note 1)</th><th rowspan="2">Deviation, and causes of deviation from Corporate Social Responsibility Best Practice Principles for TWSE/TPEX Listed Companies</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary (Note 2)</th></tr>
<tr><td></td><td></td><td></td><td>the Labor Safety and Health Act on female employees who are not allowed to engage in dangerous or harmful work should be adhered to. The relevant regulations of the Labor Standards Act on women's working hours, working night shift and maternity protection should also be complied with.</td><td></td></tr>
<tr><td>V. Does the Company prepare its non-financial reports such as Corporate Social Responsibility Report in accordance to the internationally-used reporting standards or guidelines? Have such reports been assured, verified, or certified by a third party?</td><td>✓</td><td></td><td>V. The Company completed the preparation of the 2019 Corporate Social Responsibility Report in 2020 and the report was verified by Ernst & Young Global Limited on July 6, 2020.</td><td>No significant differences</td></tr>
<tr><td colspan="5">VI. If the Company has established its CSR best practice principles according to “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies,” please describe any discrepancy between the Principles and their implementation: The Company has conducted its CSR in compliance with its CSR relevant regulations and principles. There are not any discrepancies.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate better understanding of the company‘s corporate social responsibility practices:
1. The Company actively participates in social welfare activities, and regularly donates funds to relevant organizations.
2. The Company established Taiwan Secom Cultural Foundation to take care of the disadvantaged students. It also sponsors the development of “Students’ Potential Development Classes,” which currently covers elementary and junior high schools. More than 1,000 children have been included in the care, just like cultivating a seed.
The Company participates in the organization of domestic professional associations. As the Company belongs to the industry of technology application service, it proactively participates in and promote the “Taiwan Safety and Security Industry Association” and “Taiwan Telepharmacy Association,” and serves as the Director of the associations.</td></tr>
</table>

Note 1: If the implementation is checked with “Yes,” please explain the important policies, strategies, measures, and implementation taken. If the implementation is checked with “No,” please explain the reasons and explain the future relative policies and strategies plan of measures.

Note 2: If the Company has prepared a corporate social responsibility report, the implementation situation may be indicated by way of reference to the corporate social responsibility report and the index page instead.

Note 3: The principle of materiality refers to the fact where environmental, social, and corporate governance issues possess a significant influence on the company's investors and other interested parties.

3-3-6. Ethical Corporate Management Implementation

Assessment Item	Implementation Status			Deviation, and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the Company specify its ethical corporate management policies and measures in its regulations and external documents, as well as the commitment from its board to implement these policies?	✓		(I) The Company has established relations relating to ethical management, which will be actively implemented by the board of directors and the management, and firmly executed in internal management and external business activities.	No significant differences
(II) Does the Company establish relevant policies which are duly enforced to prevent unethical conduct and provide implementation procedures, guidelines, consequence of violation and complaint procedures in such policies?	✓		(II) The Company has policies that prevent unethical conduct, such as implementation procedures, guidelines and educational advocacies etc. to ensure that all employees are well-aware of these. All of them can be viewed in the Company's employee NOTES website for compliance.	No significant differences
(III) Does the company establish appropriate compliance measures for the business activities prescribed in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and any other such activities associated with high risk of unethical conduct?	✓		(III) The Company has policies that prevent unethical conduct and will strengthen preventive measures for business activities with a higher risk of unethical conduct within the scope of business.	No significant differences
II. Ethical corporate management implementation (I) Does the Company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓		(I) The Company and its subsidiaries face customers, suppliers, distributors, competitors and employees in a fair and impartial manner and do not allow competitive advantages arising from unethical conducts. The Company has established the "Procedures for Ethical Management and Guidelines for Conduct."	No significant differences
(II) Does the Company set up full (or	✓		(II) The Company's full- (or part)-time	No significant

Assessment Item	Implementation Status			Deviation, and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
part)-time unit to promote the Company's ethical management and report directly to the Board of Directors with periodical updates on relevant matters?			unit for ethical management is "Corporate Planning Office." The head of the unit is responsible for the revision and implementation of this regulation, and regularly attends the board of directors' meeting. Compliance with the system: The internal audit unit prepares an annual audit plan based on the risk assessment results, submits the plan to the board of directors for approval, and regularly reports to the board of directors on the execution of audit operations.	differences
(III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		(III) The Company's Article 13 of the Rules of Procedure of the Board of Directors' Meeting stipulates that any director present at a board meeting has a stake in a proposal at the meeting, that director, shall state the important aspects of the stake in the meeting and, where there is a likelihood that the interests of this Company would be prejudiced, may not participate in the discussion or vote on that proposal, shall recuse himself or herself from any discussion and voting, and may not exercise voting rights as a proxy on behalf of another director.	No significant differences
(IV) Does the Company establish effective accounting and internal control systems to implement ethical management, that are audited by internal auditors or CPA periodically?	✓		(IV) Internal auditors report to the Board of Directors on the execution of audit operations.	No significant differences
(V) Does the Company provide internal and external ethical management training programs on a regular basis?	✓		(V) The Company reminds employees of the ethical corporate management rules and regulations during the training of new recruits, and provides a channel for inquiring relevant information so that employees can keep abreast of ethical-related information.	No significant differences
III. Operation of the whistleblowing System (I) Does the Company establish specific complaint and reward	✓		(I) The Company has internally established smooth communication	No significant differences

Assessment Item	Implementation Status			Deviation, and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Yes	No	Summary	
procedures, set up conveniently accessible complaint channels, and designate responsible personnel to handle the complaint received?	✓		channels, such as a sexual harassment complaint box and an employee suggestion box, etc. Externally, it discloses a complaint mailbox in the Stakeholder section of the corporate website and has a dedicated staff to handle complaints. Unless otherwise provided by law, the Company will take appropriate protection and confidentiality measures for the whistleblowers and the information and privacy provided by them. If a report is substantiated, the Company will impose severe penalties and dispose of the illegal act.	
(II) Does the Company establish standard operation procedures for investigating the complaints received and ensuring such complaints are handled in a confidential manner?	✓		(II)The Company has established a whistleblowing procedure and a confidential mechanism for receiving complaints.	No significant differences
(III) Does the Company adopt measures to protect whistleblowers from improper treatment as a result of whistleblowing?	✓		(III)Unless otherwise required by law, the Company will take appropriate measures to protect the privacy of the whistleblowers and the information provided by them and maintain confidentiality.	No significant differences
IV. Strengthen the information disclosure (I) Does the Company disclose the content of its Ethical Corporate Management Best Practice Principles as well as information about implementation thereof on its website and Market Observation Post System (“MOPS”)?	✓		(I) Please refer to the Company’s website for ethical management related information: http://www.secom.com.tw	No significant differences
V. If a company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation.				
VI. Other important information to facilitate better understanding of the implementation of Company’s ethical corporate management (e.g., review and amend the Company’s ethical corporate management principles) None.				

3-3-7. If a company has adopted its own Corporate Governance Best-Practice Principles or related regulations, disclose how these are to be inquired: The Company has adopted the Corporate Governance Best-Practice Principles and related regulations, disclosed in the employee NOTES system internally and the corporate website externally.

3-3-8. Other significant information to be disclosed that will provide better understanding of the implementation of the Company's implementation of corporate governance: The Company’s corporate governance implementation are publicly available on the MOPS in electronic files. The announcements are as follows:

1. Complete financial statements.
2. Complete minutes of Board meetings and important resolutions for the most recent year, together with their implementation status.
3. Important internal regulations, such as Procedures for Acquisition and Disposal of Assets, Procedures for Endorsement and Guarantee, Codes of Ethical Conduct for Directors, Supervisors and Managers, and Procedures for Election of Directors etc.
4. Articles of Incorporation
5. Organizational chart of the company and functions of each department.
6. Material information such as announcements of revenue and dividend, company press releases, etc.

3-3-9. Implementation of internal control system

1. Statement on Internal Control System

Taiwan Secom Co., Ltd.

Statement on Internal Control System

Date: March 19, 2021

Based on the results of the self-assessment, we hereby make the following statement with regard to the internal control system of the Company for 2020:

I. The Company recognizes that it is the responsibility of the Board of Directors and the managerial officers to establish, implement and maintain an internal control system and that the Company has established such a system. The purpose of the system is to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives; moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, the internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the “Regulations”). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities, each of which includes several items. For the aforementioned items, please refer to the Regulations.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforementioned criteria items of the internal control system.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2020, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability, timeliness, transparency of reporting, and compliance with applicable rulings, laws and regulations.

VI. This Statement is an integral part of the Company’s annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This Statement was passed by the Board of Directors’ meeting held on March 19, 2021, with none of the eleven presented directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

Taiwan Secom Co., Ltd.

Chairman: Hsiao-Hsin Lin

Chief Executive Officer: Hirofumi Onodera

2. Where the CPA was engaged to conduct a special audit of internal control system, the audit report shall be provided: None.

3-3-10. Regulatory authorities' legal penalties to the Company or its employees, and the Company's resulting punishment on its employees for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements in the most recent year and as of the date of this annual report: None.

3-3-11. Important resolutions of shareholders' meetings and board meetings held in the most recent year and up to the date of this annual report:

1.Important resolutions of 2020 general shareholders' meeting:

The Company held one general shareholders' meeting in 2020 and up to date of this annual report. The Company's 2020 general shareholders' meeting was held in the Platinum Hotel at 1F, No.77 AnXing Rd., Xindian Dist., New Taipei City, on June 16, 2020. An abstract of the resolutions of that meeting is as follows:

(1) Recognition of 2019 financial statements.

(2) Recognition of the proposed 2019 earnings distribution.

The Company's 2019 distributable net profit was NT$22.248 billion. The proposed cash dividend was NT$4 per share.

2.Implementation of important resolutions of 2020 general shareholders' meeting:

(1)Recognition of 2019 business report and financial statements: Relevant statements have been submitted to the competent authority for inspection and announced in accordance with the Company Act and other relevant laws and regulations.

(2)Recognition of the proposed 2019 earnings distribution: Cash dividend of NT$4 per share has been distributed on August 20, 2020.

3.Implementation of important resolutions board meetings held in 2020:

A total of five board meetings were held in 2020 and during the current fiscal year up to the date of this annual report. An abstract of the resolutions of the meetings is as follows:

14th meeting of the 15th Board: (May 6, 2020)

(1)Resolved to review the nomination list of directors and independent directors.

2nd meeting of the 16th Board: (August 13, 2020)

(1)Approval of the Company's acquisition of operating assets from its subsidiary, Titan Star International Co., Ltd., amounted to NT$300 million or more

(2) Approval of the "Performance Evaluation Method for the Board of Directors"

(3) Approval of re-formulating part of the "Financial Statement Preparation Process" of the Company

(4) Approval of re-formulating the "Internal Audit Operation" and "Self-Assessment Method for the Internal Control System" of the Company

(5) Approval of application for credit lines from the financial institutions.

(6) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.

3rd meeting of the 16th Board: (November 10, 2020)

(1)Approval of the regular assessment of the CPAs' independence.

(2) Approved the 2021 audit plan.

(3) Approval of application for credit lines from the financial institutions.

(4)Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit lines from financial institutions.

4th meeting of the 16th Board: (March 19, 2021)

(1)Approval of the 2020 Business Report and Financial Statements

(2) Approval of the 2020 distribution of employees' and Directors' remunerations.

(3) Approval of the resolutions of 1st meeting of the 4th Remuneration Committee.

(4) Approval of the proposed 2020 earnings distribution

(5) Approval of distribution of cash dividend by capital surplus

(6) Approval of the assessment on the effectiveness of the Company's internal control system for 2020 and the "2020 Statement of the Internal Control System"

(7)Proposal of changing the Company's Chief Auditor

(8) Proposal of the Company's 2021 business plan

(9) Proposal of the remuneration to managerial officers

(10) Proposal of coping with Ernst & Young Taiwan to change CPAs

(11) Proposal of the Company's donation to Taiwan Secom Cultural Foundation.

(12) Proposal of credit lines at various financial institutions

(13) Proposal of the Company acting as a joint guarantor for its subsidiaries' application of credit lines from financial institutions.

(14) Proposal of authorizing the Chairman to determine land purchases for operation within NTD 1 billion, based on the Group's development needs.

(15) Proposal of matters regarding the Company's 2021 Shareholders' Meeting.

3-3-12. Where, during the most recent fiscal year and up to the date of this annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

3-3-13. A summary of resignations and dismissals, during the most recent fiscal year and up to the date of this annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, and principal research and development officer.

March 31, 2021

Title	Name	Inauguration date	Resignation date	Reason for resignation or dismissal
Vice President	Chin-Lai Weng	2016.02.22	2020.01.02	Personnel change
General Manager	Fu-Hsing Liu	2014.03.01	2020.03.01	Personnel change
General Manager	Han-Kuang Chu	2016.02.22	2021.01.01	Personnel change
Vice President	Hsun-Ming Yu	2016.02.22	2021.03.31	Retirement

3-4. Information regarding CPA's Professional Fees

3-4-1. Professional Fees to CPA:

CPA Firm	Name of the accountant		Period covered by CPA's Audit	Remarks
Ernst & Young Global Limited	Chien-Ju Yu	Hsin-Min Hsu	2020.1.1~2020.12.31	

3-4-2. Professional Fees to CPA and the levels:

Unit: NT$ Thousand

Range of the amount \ Items of professional fee		Professional audit fee	Non-professional audit fee	Total
1	Below NT$2,000 thousand	-	500	500
2	NT$2,000,000 (included) ~ NT$4,000,000 (not included)	3,155	-	3,155
3	NT$4,000,000 (included) ~ NT$6,000,000 (not included)	-	-	-
4	NT$6,000,000 (included) ~ NT$8,000,000 (not included)	-	-	-
5	NT$8,000,000 (included) ~ NT$10,000,000 (not included)	-	-	-
6	NT$10,000 thousand (including)or above	-	-	-

(3) Non-audit fees paid to the CPA firm and their affiliates are or more than 25% of the aggregate audit fees: N/A.

Unit: NT$ Thousand

CPA Firm	Name of the accountant	Audit fee	Non- Audit fee					Period covered by CPA's audit	Remark
			System Design	Company Registration	Human Resource	Others	Subtotal		
Ernst & Young Global Limited	Chien-Ju Yu	3,155	-	-	-	500	500	2020.01.01	Non-audit expenses - Other expenses for corporate social responsibility report and others.
	Hsin-Min Hsu							2020.12.31	

3-4-4 When the Company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year: Not applicable.

3-4-5 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more: Not applicable.

3-5. Information regarding the Replacement of CPA: None

3-6. Where the Company's Chairman, President, Managerial Officers in Charge of Financial or Accounting Affairs Having Served with the CPA Firm or the Affiliates Thereof over the Past Year, It Shall Disclose Name, Position, and the Duration of those Served with the CPA Firm: None.

3-7. Change of shares transferred and pledged for directors, managerial officers, and any shareholder holding more than 10% of the Company's shares during the most recent FY until the date on which the annual report was printed:

Unit: shares

Title	Name	2020		As of March 31 of the year	
		Increasing (decreasing) number of shares held	Increasing (decreasing) number of pledged shares held	Increasing (decreasing) number of shares held	Increasing (decreasing) number of pledged shares held
Chairman	Hsiao-Hsin Lin	-	-	-	-
Vice Chairman	Hsin Lan Investment Co., Ltd.	20,000	-	-	-
	Representative: Chien-Han Lin	32,000	-	-	-
Executive Director	Secom Co., Ltd. (Note 1)	-	-	-	-
	Representative: Sadahiro Sato	-	-	-	-
Director	Secom Co., Ltd. (Note 1)	-	-	-	-
	Representative: Takashi Nakata	-	-	-	-
Director	Heng-Yi Tu	-	-	-	-
Director	Secom Co., Ltd. (Note 1)	-	-	-	-
	Representative: Hirofumi Onodera	-	-	-	-
Director	Yuan Xin Investment Co., Ltd.	-	1,605,000	-	-
	Representative: Ming-Sheng Lin	-	-	-	-
Director	Chin Kuei Investment Co., Ltd.	-	-	-	-
	Representative: Lan-Ying Hsu	-	-	-	-
Executive Director Independent Director	Tien-Wen Chen	-	-	-	-
Independent Director	Yung-Cheng Chiang	-	-	-	-
Independent Director	Chun-Yi Tung	-	-	-	-
Chief Strategy Officer	Ming-Sheng Lin	-	-	-	-
CEO	Hirofumi Onodera	-	-	-	-
CEO	Chien-Han Lin	32,000	-	-	-
CEO	Jung-Kuei Li	-	-	-	-
CEO	Hsing-Kuo Chou	-	-	-	-
CEO	Su-Ling Chen	-	-	-	-
General Manager	Lan-Ying Hsu	-	-	-	-
General Manager	Wen-Liang Chiang	-	-	-	-
General Manager	Chun-Yuan Chang	-	-	-	-
General Manager	Han-Kuang Chu	3,000	-	-	-
General Manager	Ching-Ming Lei	-	-	-	-
Vice President	Chia-Ying Chen	-	-	-	-
Vice President	Hsun-Ming Yu	-	-	-	-
Vice President	Hidenori Takaha	-	-	-	-
Vice President	Ching-Chung Teng	-	-	-	-
Vice President	Nai-Sen Chang	1,000	-	1,000	-

Title	Name	2020		As of March 31 of the year	
		Increasing (decreasing) number of shares held	Increasing (decreasing) number of pledged shares held	Increasing (decreasing) number of shares held	Increasing (decreasing) number of pledged shares held
Vice President	Chia-Hui Lin	-	-	-	-
Vice President	Sheng-Ying Cheng	-	-	-	-
Vice President	Chih-Chiang Wang	-	-	-	-
Vice President	Hsien-Kuei Huang	-	-	-	-
Vice President	Chen-Lung Lu	-	-	-	-
Vice President	Jui-Tung Chan	-	-	-	-
Vice President	Pei-Hsiu Hung	-	-	-	-
Vice President	Yun-Fang Liu	-	-	-	-

Note 1: Secom Co., Ltd. is the only shareholder holding more than 10% of the Company, any transfer of equity interests and/or pledge of or change in equity interests are shown in the above table.

Note 2: The counterparties of equity transfer or equity pledge listed in the above table are not related parties.

3-8. Related Party Relationship among the 10 Largest Shareholders

Name	Shares owned by the person		Current shareholdings of spouse/minor children		Shares held in the names of others		Title, name and relationship of the top ten shareholders who have mutual relationship as interested persons according to the Accounting Standards 6 or as spouse or blood relative within the second degree.		Remark
	Number of shares	Ownership (%)	Number of shares	Ownership (%)	Number of shares	Ownership (%)	Name	Relationship	
Secom Co., Ltd.	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	
Representative: Ichiro Ozeki	-	-	-	-	-	-	-	-	
Shin Kong Life Insurance Co., Ltd.	37,698,205	8.36%	-	-	-	-	-	-	
Representative: Tung-Chin Wu	-	-	-	-	-	-	-	-	
Cheng Xin Investment Co., Ltd.	21,325,337	4.73%	-	-	-	-	-	-	
Representative: Hsiao-Shin Lin	4,010,918	0.89%	-	-	-	-	Yuan Xin Investment Co., Ltd.	First degree relative of the Rep of Yuan Hsin Investment Co., Ltd.	
Chunghwa Post Co., Ltd.	17,214,740	3.82%	-	-	-	-	-	-	
Representative: Hung-Mou Wu	-	-	-	-	-	-	-	-	
Shin Lan Enterprise Inc.	14,095,063	3.12%	-	-	-	-	-	-	
Representative: Mei-Hui Li	-	-	-	-	-	-	-	-	
Fubon Life Insurance Co., Ltd.	13,160,595	2.92%	-	-	-	-	-	-	
Representative: Ming-Hsing Tsai	-	-	-	-	-	-	-	-	
Wan-Chuan Charity Foundation	8,568,216	1.90%	-	-	-	-	-	-	
Representative: Heng-Yi Tu	50,750	0.01%	-	-	-	-	-	-	
JPMorgan Chase Taipei Branch as the custodian of First Eagle Fund Company's FE overseas fund investment account	8,545,694	1.89%	-	-	-	-	-	-	
Yuan Xin Investment Co., Ltd.	8,018,190	1.78%	-	-	-	-	-	-	
Representative: Ming-Sheng Lin	1,213,941	0.27%	106,005	0.02%	-	-	Cheng Xin Investment Co., Ltd.	First degree relative of the Rep of Cheng Hsin Investment Co., Ltd.	
HSBC as Trustees of Matthews Asian Growth & Income Investment Account	7,112,000	1.58%	-	-	-	-	-	-	

3-9. Shares of Invested Businesses Jointly Held by the Company, Its Directors, Managerial Officers, and Enterprises Directly or Indirectly Controlled by the Company and Shareholding Ratio in Aggregate of the Above Parties:

Unit: Thousand shares; %

Reinvested businesses	Invested by the Company		Held by Directors, Managerial Officers, and Directly/ Indirectly Controlled Businesses		Comprehensive investment	
	Number of shares	Ownership held by the Company	Number of shares	Ownership held by the Company	Number of shares	Ownership held by the Company
Kuohsing Security Co., Ltd.	29,322	83.77%	944	2.70%	30,266	86.47%
Gowin Building Management and Maintenance Co., Ltd.	28,463	80.96%	6,694	19.04%	35,158	100.00%
Aion Technologies Inc.	12,740	73.75%	1,271	7.36%	14,011	81.10%
TransAsia Catering Service Co., Ltd.	24,563	67.02%	11,479	31.32%	36,042	98.34%
Zhong Bao Insurance Service Inc.	608	60.00%	101	10.00%	710	70.00%
Taiwan Video System Co., Ltd.	11,357	36.20%	16,173	51.55%	27,530	87.75%
Kejie Holdings Co., Ltd.	2,000	39.22%	-	-	2,000	39.22%
Lee Way Electronics Co., Ltd	10,288	34.29%	18,110	60.37%	28,398	94.66%
An-Feng Enterprise	900	30.00%	-	-	900	30.00%
SIGMU D.P.T. Co., Ltd.	678	21.99%	2,403	78.01%	3,081	100.00%
Lots Home Entertainment Co., Ltd.	684	21.02%	2,570	78.98%	3,254	100.00%
Huaya Development	25,513	49.83%	-	-	25,513	49.83%
TransAsia Airways Corporation	76,246	10.05%	46,414	6.12%	122,660	16.17%
Goldsun Building Materials Co., Ltd.	77,556	6.57%	168,894	14.31%	246,450	20.88%

Note 1: The table lists the long-term equity held by the Company as of 2020/12/31.
Note 2: Companies that are wholly owned by the Company include Zhong Bao Investment, Lee Bao Security, Goyun Security, Chung Hsing E-GUARD Co., Ltd. and Goldsun Express & Logistics.

IV. Capital Raising Activities

4-1. Capital and shares

4-1-1 Source of capital

Units: Share / NT$ thousand

Year/ Month	Issue Price (NT$)	Authorized capital		Paid-in Capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Capital Source	Capital Increase by Assets Other than Cash	Others (Approval date and document number)
1996/6	10	169,000,000	1,690,000	169,000,000	1,690,000	Earnings 260,000 Capital surplus 130,000	None	1996.05.03. Letter No. (85) Taiwan-Finance-Securities-(I) 27393
1997/6	10	219,700,000	2,197,000	219,700,000	2,197,000	Earnings 507,000	None	1997.06.05. Letter No. (86) Taiwan-Finance-Securities-(I) 45236
1998/8	10	285,610,000	2,856,100	285,610,000	2,856,100	Earnings 439,400 Capital surplus 219,700	None	1998.05.25. Letter No. (87) Taiwan-Finance-Securities-(I) 45976
1998/9	65	300,610,000	3,006,100	300,610,000	3,006,100	Cash 150,000	None	1998.06.24. Letter No. (87) Taiwan-Finance-Securities-(I) 52767
1999/6	10	336,683,200	3,366,832	336,683,200	3,366,832	Earnings 360,732	None	1999.05.18. Letter No. (88) Taiwan-Finance-Securities-(I) 46432
2000/7	10	393,919,344	3,939,193	393,919,344	3,939,193	Earnings 572,361	None	2000.06.09. Letter No.(89) Taiwan-Finance-Securities-(I) 50067
2001/3	10	393,919,344	3,939,193	378,919,344	3,789,193	Capital reduction by treasury stock 150,000	None	2001.02.05 Letter No. (90) Taiwan-Finance-Securities-(III) 106220
2001/7	10	416,811,280	4,168,113	416,811,280	4,168,113	Earnings 189,460 Capital surplus 189,460	None	2001.05.31. Letter No. (90) Taiwan-Finance-Securities-(I) 134129
2001/12	10	416,811,280	4,168,113	401,811,280	4,018,113	Capital reduction by treasury stock 150,000	None	2001.09.07. Letter No. (90) Taiwan-Finance-Securities-(III) 155986
2002/9	10	421,901,844	4,219,018	421,901,844	4,219,018	Earnings 200,905	None	2002.07.15 Taiwan-Finance-Securities-I-0910139236
2003/3	10	421,901,844	4,219,018	414,901,844	4,149,018	Capital reduction by treasury stock 70,000	None	2002.12.11. Letter No. Taiwan-Finance-Securities-III-0910165917
2003/8	10	431,497,918	4,314,979	431,497,918	4,314,979	Capital surplus 165,961	None	2003.07.02. Letter No. Taiwan-Finance-Securities-I-0920129483
2005/9	10	440,127,877	4,401,279	440,127,877	4,401,279	Earnings 86,300	None	2005.08.11. Letter No. Financial-Supervisory-Securities-I-0940133015
2006/8	10	444,529,156	4,445,291	444,529,156	4,445,291	Capital surplus 44,012	None	2006.07.18. Letter No. Financial-Supervisory-Securities-I-0950131177
2014/10	10	500,000,000	5,000,000	451,197,093	4,511,971	Earnings 66,679	None	2014.08.01 Letter No. 1030029353 issued by FSC

Share type and total amount:

Type of Stock	Authorized Capital			Remarks
	Issued Shares（Note）	Un-issued Shares	Total	
Common Stock	451,197,093	-	451,197,093	Dec. 31, 2020
Common Stock	451,197,093	-	451,197,093	Until March 31, 2021

Note: Listed stock.

4-1-2. Shareholder Structure

31 March, 2021

Composition of shareholders / Quantity	Governmental agencies	Financial institutions	Other Juristic Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	2	14	246	25,822	211	26,295
No. of Shares Held	760,000	76,876,215	113,471,752	71,900,563	188,188,563	451,197,093
Ownership held by the Company	0.17%	17.04%	25.15%	15.93%	41.71%	100.00%

Note: The shareholding percentage of China investment capital is 0%

4-1-3. Ordinary share ownership distribution

31 March, 2021

Shareholder ownership	Number of Shareholders	No. of Shares Held	Shareholding percentage
1 to 999	15,735	1,021,395	0.23%
1,000 to 5,000	8,506	16,013,355	3.55%
5,001 to 10,000	992	7,143,107	1.58%
10,001 to 15,000	373	4,575,115	1.01%
15,001 to 20,000	129	2,254,119	0.50%
20,001 to 30,000	158	3,880,371	0.86%
30,001 to 50,000	100	3,872,948	0.86%
50,001 to 100,000	97	7,102,051	1.57%
100,001 to 200,000	59	8,482,061	1.88%
200,001 to 400,000	53	15,519,105	3.44%
400,001 to 600,000	22	11,139,969	2.47%
600,001 to 800,000	11	7,374,353	1.63%
800,001 to 1,000,000	7	6,022,359	1.34%
1,000,001 or above	53	356,796,785	79.08%
Total	26,295	451,197,093	100%

Note 1: Face value: NT$10/share

Note 2: The Company has not issued preferred stocks, and there is no diversification of shareholding of preferred shares.

4-1-4. List of Major Shareholders

31 March, 2021

Shares / Names of major shareholders	No. of Shares Held	Ownership held by the Company
Secom Co., Ltd.	123,110,870	27.29%
Shin Kong Life Insurance Co., Ltd.	37,698,205	8.36%
Cheng Xin Investment Co., Ltd.	21,325,337	4.73%
Chunghwa Post Co., Ltd.	17,214,740	3.82%
Shin Lan Enterprise Inc.	14,095,063	3.12%
Fubon Life Insurance Co., Ltd.	13,160,595	2.92%
Wan-Chuan Charity Foundation	8,568,216	1.90%
JPMorgan Chase Taipei Branch as the custodian of First Eagle Fund Company's FE overseas fund investment account	8,545,694	1.89%
Yuan Xin Investment Co., Ltd.	8,018,190	1.78%
HSBC as Trustees of Matthews Asian Growth & Income Investment Account	7,112,000	1.58%

4-1-5. Share prices per share, net worth per share, earnings per share, dividends per share for the most recent two fiscal years

Items / Year			2019		2020		As of March 31, 2021	
Market Price Per Share	Highest		NT$	90.00	NT$	91.30	NT$	93.50
	Lowest		NT$	85.00	NT$	75.40	NT$	86.10
	Average		NT$	87.26	NT$	86.77	NT$	88.85
Net Worth Per Share	Before distribution		NT$	23.80	NT$	24.91	NT$	-
	After distribution		NT$	19.80	NT$	-	NT$	-
Earnings per share	Weighted average shares		440,923	Thousand shares	440,923	Thousand shares	-	
	Earnings per share	Before adjustment	NT$	4.85	NT$	5.42	NT$	-
		After adjustment	NT$	4.85	NT$	-	NT$	-
Dividends per share	Cash dividends		NT$	4.00	NT$	5.00	NT$	-
	Issuance of bonus shares	Dividends from retained earnings	NT$	-	NT$	-	NT$	-
		Dividends from capital surplus	NT$	-	NT$	-	NT$	-
	Accumulated undistributed dividends		NT$	-	NT$	-	NT$	-
Return on Investment	Price/earnings ratio			17.99		16.01		-
	Price/dividend ratio			21.82		17.35		-
	Cash dividend yield rate			4.58%		5.76%		-

4-1-6. Dividend Policy and Implementation Status

1. Dividend policy as stipulated in the Articles of Incorporation

   "Article 26 of the Company's Articles of Incorporation: If the Company is profitable in the fiscal year (refers to pre-tax profit before subtracting bonuses and remunerations allocated to employees and directors), no less than 1% of the profit shall be offered as bonuses for employees, and no more than 4% of the profit shall be allocated as remuneration for directors.

   If the Company has accumulated deficits (including adjustment to undistributed earnings), earnings shall be used to offset such deficits first. Employee compensation is mainly in the form of stocks or cash, and the recipients shall include the employees of subsidiaries who meet certain criteria defined by the Board of Directors. The remunerations for directors are to be paid in cash only.

   Article 27 of the Articles of Incorporation: The current year's earnings after year-end accounting, if any, shall first be used to offset prior years' operating losses (including adjustment to undistributed earnings), and then 10% of the remaining amount shall be set aside as legal reserve. This does not apply if the legal reserve has reached the Company's paid-in capital. Special reserve is then allocated or reversed in accordance with the law or regulations of the authority. Regarding the remaining retained earning along with the opening undistributed earnings (including adjustment to undistributed earnings), the Board of Directors shall propose the distribution of earnings and submit to the shareholders' meeting for resolution.

   The Company is operating in a growing environment and will utilize the economic environment for its sustainable operation and long term development. The Board of Directors lays emphasis on the stability and growth of dividends when proposing an earnings distribution plan. The dividend policy will be a combination of cash or stock; cash should not be less than 10% and the payment amount should be more than 50% of the cumulative distributable earnings."
2. Proposal to distribute cash dividend at the Shareholders' Meeting

   The 2020 earnings distribution was resolved by the 4th meeting of the 16th batch of board on 2021.03.19. A cash dividend of NT$5 per share, in which the earnings are NT$4.92 and the additional paid-in capital is NT$0.08 per share, is distributed at the shareholders meeting.
3. Material change expected in the dividend policy: None.

4-1-7. The impact of the issuance of bonus shares proposed in this general meeting upon the Company's business performance and earnings per share (EPS): N/A.

4-1-8. Employees' and directors' remuneration:

1. Percentages or ranges with respect to employees, directors, and supervisor remuneration according to the Articles of Incorporation

   Article 26 of the Company's Articles of Incorporation: If the Company is profitable in the fiscal year (refers to pre-tax profit before subtracting bonuses and remunerations allocated to employees and directors), no less than 1% of the profit shall be offered as bonuses for employees, and no more than 4% of the profit shall be allocated as remuneration for directors.

If the Company has accumulated deficits (including adjustment to undistributed earnings), earnings shall be used to offset such deficits first. Employee compensation is mainly in the form of stocks or cash, and the recipients shall include the employees of subsidiaries who meet certain criteria specified by the board.

The remunerations directors are to be paid in cash only.

2. The assessment basis for the remuneration of employees and directors for the year is determined by the board in accordance with the Articles of Incorporation, laws and regulation, and remuneration is recognized as the operating costs or expenses. However, if the shareholders meeting resolves that there is a difference between the actual allotment amount and the estimate, it will be recognized as the gain or loss of the following year.
3. Information on the allotment of remuneration for employees and director approved by the board:

   (1) The date of dividend distribution approved by the board: 2021/03/19.

   (2) The amount of the remuneration for employees in the form of cash or shares and that of the remuneration for Directors. "

Amount of employee compensation in cash	Amount of employee compensation in stocks	Amount of director compensation
28,568	0	114,272

The total remuneration for employees and directors estimated in the previous year was NT$142,640 thousand, a difference of NT$200 thousand from the actual disbursement of NT$142,840 thousand. The difference is recognized as the 2021 expense adjustment.

   (3) The percentage of profit sharing from earnings for employees distributed in stock to the total amount of net profit after tax and profit sharing from earnings for employees: 0%.

4. Profit of the previous year (2019) used to be allotted as remunerations for employees and directors:

   The total remuneration for employees and directors estimated in the previous year was NT$129,243 thousand, a difference of NT$1,016 thousand from the actual disbursement of NT$128,226 thousand. The difference is recognized as the 2020 expense adjustment.

4-1-9. Share repurchase by the Company: The Company has not repurchased its shares during the most recent fiscal year up to the date of publication of the annual report.

4-2.Other matters that should be disclosed: (Corporate bonds, preferred stocks, global depositary receipts, restricted stock awards and new share issuance, mergers and acquisitions (mergers, acquisition and divisions) or transfer of shares of other companies to issue new shares): Not applicable.

4-3. Implementation status for plan of utilization of capital

4-3-1. Content of Plans:

With respect to each uncompleted public issue or private placement of negotiable securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits:

1. The Company has completed all previous securities issuance plans.
2. The Company has no cash capital increase in the last three years.

4-3-2. Implementation Status: Not Applicable

Five. Operational Highlights

5-1 Business Activities

5-1-1. Business Scope

1. Main areas of business operations

A. "The practitioner of IoT" - the security system integrated with information and communication technology

* Commercial Systems

(1) Multi Area Security System (MA)

Specifically designed for the safety of schools, larger business premises and independent buildings, the system can be set up with 30 individual security management areas for small commercial buildings, factories and research units, which can be connected to the Company's control center 24 hours every day. In the event of emergencies, the control center will dispatch service engineers to the scene to handle the situation.

(2) "My Vita" Commercial Area Smart Management System (CA)

In addition to basic security protection, the commercial management system that integrates multi-value-added services has a variety of expanded features such as image monitoring, energy-saving management, smart disaster prevention, smart control, multi-area security protection mechanism, etc. With the electronic door lock and the transition of operation interface on to an APP for mobile devices, the system is able to provide a diversified service solution; meet different business needs at one time, and become more in line with the trend of future changes. In addition to the thoughtful feeling of convenient living, the system also guarantees the necessary property security at business premises.

*Home Systems

(3) "My Vita" Home Area Smart Management System (HA)

In order to make smart home security services popular in households, the system is equipped with mechanisms specifically designed for home living and safety. The Company has further integrated the needs of smart home management and home automation to actively develop a new generation of home systems, from disaster prevention, environmental management, energy conservation management and security anti-theft to friends and family guardian and other multi-functional high integration, with wireless transmission to show the professional customer-made linkage expansion. With the electronic door lock and the transition of operation interface on to an APP for mobile devices, the system is able to help customers master a convenient life right in their palms.

*Financial Institutions

(4) Dedicated Line System for ATMs (CS)

The company provides professional services such as anti-theft and damage detection for ATMs installed in banks and automatic service areas to achieve 24-hour perfect and safe protection for unmanned banks.

*Computer Lottery Betting Station

(5) Security System for Lottery Betting Stations (EL)

A well-planned, tailor-made security system based on the security needs of the computer lottery betting station. In addition to the Company's professional and 24-hour security, we also provide monitoring systems and vaults for a special price with interest-free installment plan to pay attention and protection for hard-working lottery dealers.

(6) Value-added Service for Access Control Systems

The Company provides system customers with more convenient and safe protection, combined with access control equipment to prevent trespassing. We also provide a card reader that can set the “Password + Card Swipe” function, so that customers won’t need to worry about the loss and misuse of the card. In addition, our access control card controls the access and timing management, and controls the internal and external access status of each unit. In case of being forced to open door by offenders, our customer is able to use the card reader to secretly transmit signals to the control center to trigger a counter-threat mechanism.

(7) Video Security Value-added Service (SVA)

Customers are able to view images through the Internet, combining the Internet, video, and anti-theft technologies into a single service platform. This system is an integrated system host that combine anti-theft and video technologies, allowing our customers to query the image remotely through the APP on their mobile devices or the webpage on their computers. Moreover, when the abnormal condition is triggered, the system automatically generates video photos to help the controller to judge the abnormal signal, and decide whether to dispatch personnel to the site in real time. This further highlights the uniqueness and practicability of the service design.

B. MiniBond Satellite Positioning and Search Service

(1) Personal Mobile Satellite Positioning and Search Service

Our mobile locator that exclusively uses the AGPS satellite positioning system is more energy-sufficient, faster, and more accurate and has wider applicability. It can even track position in some indoor facilities. Therefore, our locator achieves high applicability, convenience and security, at any time through the fixed-point internet access, mobile Internet access, telephone enquiry, etc., to understand the where-about of its carrier. In the event of incidents, the carries is able to seek help with the ―emergency button‖. When the carrier feels that his safety is under threat, he can activate “Remote Guardian” to receive security monitoring immediately, and enjoy safe, real time and high-tech personal service.

(2) MiniBond Car Fleet Positioning and Management System

The fleet management system provides service for those who require real-time monitoring of commercial vehicles, dispatch of vehicles, and oil and mileage control Through the real-time monitoring feature on the webpage, the location of each vehicle can be reported immediately, and the user can have real time update of the movement of the vehicle. In addition, the system also provides oil, idling, speeding, mileage and daily travel reports, as well as Dr. Car Maintenance System Management. Our customers can also select to add thermometers, anti-theft devices and other services to carry out all-round team advanced action management, which can effectively improve efficiency and reduce administrative and sales costs.

In order to provide more convenient services for existing vehicle customers, we have successively developed the “Vehicle Cloud Task Dispatching App,” “MiniBond Car Positioning Management System APP” and the “Refuse Collection All Access APP‖ for the refuse collection team of all district offices in the country, etc. The Company aims to fully provide customers with more convenient and cost-effective e-services for different needs.

Vehicle Cloud Task Dispatching App:

When dispatching for tasks, our customers won’t need to purchase additional dispatchers. Instead, the administrator will only have to send task dispatching messages to the drivers of their respective areas through their own computer or smart phones. In addition to eliminating the cost of large-scale procurement of dispatch equipment, customers can easily achieve task dispatching purposes and effectively improve overall customer satisfaction.

MiniBond Car Positioning Management System APP:

Through GPS satellite positioning, the administrator is able to conduct vehicle monitoring and positioning for its own fleet, and instantly track the location of the group and the distribution of vehicle in the country. In the event of any abnormal incident, the administrator will be acknowledged at any time. The APP's intuitive menu operations can help the administrator to manage the fleet with ease through features such as "current status query," "vehicle status list," "track query" and "daily abnormal incident."

Refuse Collection All Access APP:

With the satellite positioning device installed in the refuse collecting truck, users can immediately track the location of the refuse collecting truck on their tablets and mobile phones. No more waiting for refuse collecting trucks! With features such as "Instant Collecting Point," "Add New Collecting Point," "Reminder List," "Search Rout," "Change City/County" and "Latest News," etc., the public can be updated with the movements of the refuse collecting truck with a single finger and solve the most important refuse problems with ease.

(3) MiniBond Video Vehicle Positioning and Management System

An upgrade of the fleet management system, in addition to the positioning and fleet management features, the system is now officially enhanced with additional video monitoring management features to support 8-channel video footages. It automatically records after start-up and delivers real-time images. It is also equipped with GPS/G-Sensor/4G modules enabling it to automatically detect the side impact, trigger mandatory image, and completely record the location and driving speed to make driving more secure. The video supports 1080P, 720P, and D1 formats to meet customer needs. In the event of accidents, the device's built-in gold capacitors is able to save real time video record without loss in case that it is impossible to clarify responsibilities of the accident, or the vehicle shuts down due to an abnormal collision to help clarify responsibilities of the accident.

(4) MiniBond Waste Collecting Vehicle Fleet Positioning Management System

For fleets transporting regulated waste and toxic substances, we provide the latest Waste Collecting Vehicle device with 4G module and GPS fleet management functions that are qualified for regulatory inspections and certified by the NCC. The positioning transmission quality of the vehicle tracker, its maintenance efficiency and the yield of its peripheral equipment all meet the standards of the A+ vehicle tracker manufacturers announced by the Environmental Protection Administration. They are also equipped with a dual position reporting function, and thus real-time position and tracking of the vehicles can be shown on the Environmental Protection Administration website. When installed with MiniBond, the positions can be managed on two platforms.

C. Digital Surveillance and Video Intercom System

(1) Closed-Circuit Television (CCTV) System

The system consists of five categories: Technicolor camera, digital video recorder (DVR), monitor, lens and other peripheral equipment. It can be used not only with anti-theft system, but also for on-site monitoring according to different scales and needs, or using software for remote operation of IE browsing, mobile APP monitoring, CMS multi-point group and EMS comprehensive monitoring management. In addition to the guarantee of the Company's reputation, the product itself is combined with a service network throughout Taiwan to provide perfect after-sales service.

(2) Web-based Video Intercom System

The high-tech anti-theft video intercom system is suitable for new community buildings, plants and factories and large medical institutions as well as the replacement of existing video intercom systems in public housing communities to increase the efficiency safe environment management. In addition, in order to deal with the replacement of old video intercom systems in existing residential communities, the Company provides a solution for unmanned management. The new community gate machine only needs power and network cable, and with the app, the residents can do network video intercom and open the gate remotely without the need of installing the indoor machine. It further enhances the management efficiency for the whole environment. It can also add another points to the effectiveness of managing the security environment.

(3) Internet Protocol Camera (IP Camera)

In response to the trend of Internet technology and the decreasing cost of connecting to the Internet declined, the Company has introduced the internet protocol camera (IP Camera) for individuals, families, stores, SMEs and chain companies to meet the increasing demand for remote monitoring. The product features the simple interface of the IE standard browser and allows the user to view high-quality footages sent from the IP cameras anytime, anywhere, and also start the side-record feature and play back video on a PC, if necessary. The built-in microphone allows the IP camera user to listen to the live sound while watching the footage, or connect the speaker through the IP camera to enable the viewer to make a two-way conversation with a remote site.

(4) Surveillance Equipment Signal Hosting Service

In September 2018, the Company launched the video hosting service, including video loss, hard disk failure, network disconnection (blackout), stop recording and other signals, to provide signal hosting for specific models. The signal is transmitted to the Company's control desk through the network and is monitored by a dedicated person 24 hours. In the event of any abnormal activity, the customer will be notified immediately, increasing the added value of the surveillance equipment.

D. Fire System

(1) FE-13 Automatic Clean Agent Fire Extinguishing System (TOMAHAWK-III)

Installed with smoke and heat dual-sensor, the system uses New Halon's clean agent air to extinguish fire, causing no harm to human and organisms and no pollution to painting, calligraphy art, materials and instruments. From the sensing of fire to spraying of fire extinguishing agent, all operations are automatically controlled by computers, no need for manual operation.

(2) ARGON Clean Agent Fire Extinguishing System (Argotec)

With zero ozone depletion potential and global warming potential, the system uses natural, environmentally friendly and safe fire-extinguishing air agent. From detection to distinguishing of fire, all operations are automatically controlled by computer. Users can use the selection valve to design multiple protection zones, saving the cost and space required and achieving economic efficiency.

(3) FM-200 Automatic Clean Agent Fire Extinguishing System

The product is introduced in a packaged system and a non-packaged pressurized system, making the product line more complete and meeting the various needs of our customer and the needs of the site. The product has been approved by the fire department of the National Fire Agency, Ministry of the Interior, and is in line with relevant laws and regulations to be applied to the design and installation in local sites.

(4) NovecTM1230 Automatic Clean Agent Fire Extinguishing System

The agent of the product is stored in a cylinder in a liquid state and pressurized with nitrogen to increase the smoothness of the spray. When being sprayed, the agent will evaporate at the radiation nozzle and fully mix with the air in the protected area to reach the fire extinguishing concentration. In addition to protecting the important equipment assets, it also has a very environmentally friendly effect. It is a new generation of clean fire extinguishing agent that the human body can withstand.

(5) Early Warning System (NS)

The system is used in the environments such as clean rooms, computer facilities, and electricity and distribution facilities and adopts the front diffraction principle to form a small angle reflection by the collision of the laser beam with the smoke particles, which can detect smoke and trigger alarm in the initial stage of visible smoke generating.

(6) Fire Detection System for Cabinets

This product is installed in semiconductor manufacturing plants or laboratories to detect fire in small places and quickly sense the smoke generated in the cabinet. It also has a self-detection feature to automatically detect malfunctions.

(7) Fire-fighting Facility Engineering (FE)

The service provides planning, design, audit, construction, supervision, and survey services for fire-fighting facilities to provide customers a completely fire-proof equipment, design, installation and technical support, and help customers obtain fire approval qualifications.

(8) Fire Detection System (FLAME CHECKER)

The system is able to instantly detect the unique infrared and ultraviolet rays of the flame with a microcomputer, and its detection range can reach 50 meters. Installed with a system that can automatically detect malfunctions, the system is suitable for any location where smoke detectors cannot be installed.

(9) Fire Escape Series (TE)

This series of products includes Taiwan Secom fashion fire extinguishers, new style of smoke masks, and the oxidized fiber fire blankets, etc., which can be sold individually according to customer needs. The Taiwan Secom Fire Extinguisher newly launched in 2020, uses a unique formula that can instantly extinguish fires and ensure that they do not reignite. It is different from the previous dry powder fire extinguishers that “blocks oxygen” as the fire extinguishing principle. It uses environmentally friendly raw materials and will not cause secondary damage after spraying. The products are divided into general-use (can quickly penetrate and cool down + make combustible materials develop chemical change) and automotive-use (cover and isolate oxygen + decompose gasoline molecules + effectively reduce temperature), and both of which have the advantages of beauty and practicality and easy access. The new smoke mask can block and filter the smoke containing a lot of harmful gases, to avoid the mouth and nose inhalation of toxic smoke to cause more serious injuries, and to buy time to escape from the fire. This product has three types, such as convenient, advanced and professional type. The oxidized fiber fire blanket can simply isolate and put out the initial fire source or prevent the body from being burned by the flame when exposed to the fire, suitable for the initial fire or important escape routes. There are three sizes available: small, medium and large.

(10) Carbon Monoxide Detection Alarm Series (KD)

Produced by incomplete combustion, carbon monoxide is a colorless, odorless, extremely toxic and lethal gas that causes numerous serious casualties every year in Taiwan. The series of products can detect carbon monoxide concentration with advanced technology and act as an early warning mechanism. In addition, the Company has also introduced compound models with flammable gas detection or smoke detection features to provide comprehensive protection for the lives and property of individuals and families.

(11) Residential Standalone Fire Alarm (FA)

The product is suitable for kitchens, living rooms, bedrooms and stairwells, to protect the safety in the rooms. Its power-saving design allows the battery to be used for about 10 years. In the event of fire, the alarm generates a sound of 70db or more along with a warning light. The alarm can be easily assembled on the ceiling or wall without the need for wiring or additional constructions. The alarm stops when the smoke dissipates, the detector automatically stops the alarm to avoid unnecessary turmoil.

E. Access Control and Attendance System

(1) Basic Access Control System: Mifare (specifications same as EasyCard) Access Card Model

With this system, our customers can choose to open door lock in three ways (access card, password and access card with password). The components can be used for a single control electronic door lock, or with a controller and a computer management system to form a network system for access control management.

(2) Thermal Touch Password Electronic Lock (without handle)

After setting, the user can use the Mifare card or EasyCard to open the lock, or unlock with the default password. Its design is in line with ergonomics. The lock can be combined with the “My Vita” system and transitions its operation interface to the APP on smart devices, or unlock the door with the app’s account password, providing a diversified service solution, which is more in line with the trend of future changes. In addition to the thoughtful feeling of convenient living, the system also guarantees the necessary property security at business premises.

(3) Full-function Smart Electronic Lock (with handle)

Users can perform unlocking in various ways such as with cards/fingerprints/passwords/keys/Bluetooth/physical keys. The electronic lock is ergonomically designed. The electronic lock can be combined with the “My Vita +” to transfer the operation interface onto the app on the smart device, and can also be unlocked with the app account password to open the door. This provides users with more choices for home life and improves security.

(4) Fingerprint Recognition System

The system can register 5,000 people and 10,000 fingerprints to manage access control. It can also be combined with PC network, attendance system and integrated customer back-end HR system for exceptional convenience. The system fully supports digitalization and can be operated with one finger via the internet.

(5) Finger-vein Authentication System

This system can read serial numbers on a Mifare card, Secom 11 area card number, Secom EasyCard 14 area card number. Shift status supports 8 kinds of Chinese indicator light status. Status indicator: blue light Number of finger-vein registration allowed: 12,000 (two for 1 person - 6,000 persons in total). This may also be divided into 4 sections with a limit of 1,500 persons per section. Status indicator: blue light (standby), green light (verification passed), red light (failure or error), orange light (under verification), and various verification modes can be customized.

(6) Face-shape Recognition System

The system can complete face-shape recognition within 0.3 seconds, and the recognition accuracy rate is higher than 99%. This system has functions such as face detection, white list recognition, gate control, automatic data upload, and real person detection. The system can also be combined with smart terminal API and use HTTP RESTful to support docking with third-party business platforms to manage the batch storage of related employees in the background, personnel management, visitor management, equipment management, passer group management, pass record view, visitor record view, stranger record view, attendance record export, etc. The system can also be combined with thermometer to detect body temperature when personnel enter and leave. In case of abnormal body temperature, it can be reported immediately to remind the management staff for proper disposal.

(7) Cloud Access Control and Attendance System

A fully digitized access control and attendance management software which supports on-line instant browsing management on different operating systems such as PC, mobile phone or tablet. Through cloud computing, the platform automatically backs up attendance reports, and can instantly push various abnormal messages and announcements by APP, achieving full management through the internet. Users can log in to the platform with account, password and unique key generator. The system can also integrate access control products such as “Access Control + Attendance + Elevator Management + DVR Image + Image Control Management and Biotechnology System” to carry out real-time monitoring and management through remote connection.

F. Vault Series

(1) Large Modular Fireproof Vault

The vault, which is made up of six alloy steel plates, can be entered through different doors and cannot be removed after being installed. It is fireproof, heatproof, and unbreakable and is installed with electronic antitheft system, as well as a password lock that can freely switch between one million numbers, making it impossible to be freely opened and moved and is extremely safe and reliable.

(2) Large and Medium Commercial Fireproof Vault

The integrated fireproof vault cannot be dismantled, is highly safe, fireproof, heatproof and unbreakable and has an electronic anti-theft system. It has a password lock that can freely switch between one million numbers and cannot be freely opened and moved, making it fully secured.

(3) Medium and Small Home Fireproof Vault

With households as its main target, the vault is fireproof and unbreakable. Its locking structure consists of a cylinder lock and a password lock. In order to respond to internal crimes, the user can use the printer or computer display software (accessory) carry out confirmation of the operation record of the password lock. In addition, it can be connected to the sensor to monitor the switcher of the door and the cylinder lock.

(4) Medium Commercial Vault

The Vault is consisted of high-strength pure steel plate, laser cutting front, high-pressure integrated molding, making it impossible to be broken by men. Its hidden alloy rolling hinge can resist damage from all angles. The high-pressure integrated door frame of the vault is able to resist oil pressure tools. Its luxurious back design and rounded corner can help prevent personal injuries.

(5) Small Home Vault and Small Upcast Anti-hanging Vault

The Vault is consisted of high-strength pure steel plate, laser cutting front, high-pressure integrated molding, making it resistance to oil pressure tools. The uncast vault is used when the vault manager is absent or off duty, and others can also cast revenue and property into the vault for safekeeping. When abstracting objects from the vault, the manager has to open the door of the vault. In addition to being easy to manage, it also avoids the risk revenue being stolen or carried home at nighttime.

(6) Casting Vault

The traditional mechanical rotary vault with a front casting hole, its design embodies the spirit of segregation of duties. The vault is suitable for chain stores or small storefronts and is the basic style of an entry vault.

G. Detection System

(1) Outdoor Infrared Detection System (BORDER-N/BOREDR-W)

The System is specifically designed for the security for large outdoor areas. It can also run on solar energy, making it more power-efficient and eliminating the need for wiring. The security range of the system spans is up to 100 meters. The unique shape of its cylindrical makes it impossible for outsiders to tell the direction and height of infrared detection, improving safety performance.

H. Health Care Services (HC)

With the population of senior citizens over 65 years old surpassing 14%, Taiwan has met the threshold of an “aging society” defined by the World Health Organization and is facing issues such as short-handed care facilities and high cost of overall social care. With the increasing senior population and the need for welfare care, in the face of the aging population and the burden of health care costs for chronic diseases, health care service imported message and ICT (Information and Communication Technologies, ICT) has become an inevitable innovative model for the preparation of household care. The Company is committed to the development of IoT and health care services, providing customized service solutions for senior customers, working with the medical system to digitally apply and analyze data to lead family and personal health care and improving service accessibility and affordability.

In response to the global trend of elderly care in the local area, the Company actively uses technology tools to improve the quality and scope of health care for senior citizens, and to provide them with a healthy, safe, dignified, comfortable and convenient quality of life. At the same time, we also focus on the health management of the daily life of elders by monitoring and recording the physiological data of the user with IoT technology on a daily basis to meet the needs of the users.

User’s physiological data can be recorded in real time without wearing any other smart devices and it can improve sleep quality. The data collected in the users’ everyday activities will be provided to medical units to help improve quality of care.

The Company plans to carry out a cross-industry integration of medical equipment's, assistive devices, elder tourism, health care products, physical examination center and healthy diet into mobile health management, and provide different care modes to improve the health of customers anytime, anywhere.

(1) Personal Monitoring of Physiological Data

- Through the wireless transmission of physiological measurement equipment (such as sphygmomanometer, blood glucose monitor, ear Thermometer, weight scale and body fat monitor, etc.), personal health status is uploaded to the health care cloud platform, to establish a complete measurement record.
- Taiwan Secom health APP or Secom+ LINE@ Instant search and measure.
- Measurement reminder and abnormal record care
- Provision of online health advisory
- Personalized health data analysis and recommendations provided by nurses, and health reports sent to home on a regular basis.
- Weekly telephone check and providing care and support.

(2) Public Health Monitor Station

- Provision of personal ID of health account
- Measurements include HRV testing (providing heart quality, sleep, mood, stress, fatigue index and positive/negative body constitution), blood pressure, temperature and body fat (weight)
- Measurement record uploaded to health care cloud platform
- Taiwan Secom Health APP or Secom Health+ APP real time description and suggestions for measurement results
- Push reminder for Overtime measurement or abnormal measurement result by Secom Health APP
- Provision of health advisory service to the public
- Linkage to medical units and provision of drug delivery service by pharmacists

(3) Occupational Health Care Management Services Program for Corporates (Corporate Workplace)

- Programs to meet the needs of business owners to provide OM doctor (OM nurse) clinical service hours in accordance with occupational safety and health regulations
- Provision of the Public Health Monitor Station measurements include HRV testing (providing heart quality, sleep, mood, stress, fatigue index and positive/negative body constitution), blood pressure, temperature and body fat (weight)
- Export annual occupational health examination records to the health management system for inquiry and health risk analysis and interpretation
- Health promotion activities and management tracking by OM doctors and OM nurses for employees with high and medium health risks

(4) Emergency Services for Solitary Elders

- Emergency notification sent by registered nurses to the family or police unit upon the solitary elder presses the emergency button
- Daily self-report service
- Report system for homecoming elders to ensure their whereabouts

・24-hour notification of emergency contact or police unit service
・Weekly telephone check, providing elders with care and support

(5) Home Service

・Professional caregivers accompany elders unable to take care of themselves to seek medical care
・Assist in the purchase of essential necessities, food and drink, medication, housework and paperwork
・Help the elders to bathe and clean, turn over and take back, etc., taking into account the daily life and physical care of the elderly

(6) Drug Delivery Service by Pharmacists

・Provision of drug delivery service to households by professional pharmacists
・With the continuous prescription for chronic diseases prescribed by doctors, the chronic disease drugs that must be collected by the hospital in person every month are sent to households by the pharmacist who holds the professional license, and provide free information and precaution, saving time and inconvenience of commuting to hospitals and saving more processing time to make the elders feel more comfortable taking drugs
・The service currently covers Taipei City, New Taipei City, Keelung City, Taichung City and Kaohsiung City and will continue to expand to other areas.

(7) Smart Electric Bed Set with Voice Assistant

・Provision of assistive device (and smart voice control) leasing service
・Bed and light control by voice
・Smart mattress and electronics control linkage
・Sleep quality recording and management and LINE@ notification push
・Management and tracking of Abnormal leave of and stay in bed

I. Cloud POS Store Management System (MyBiz)

In order to provide a complete solution for modern business activities, strengthen research and development results and integrate with existing products, the Company has launched the Cloud POS Store Management System APP, MyBiz. It combines storefront management, monitoring and anti-theft features into one single application, leading the industry to provide comprehensive professional services for catering, retail and franchise companies through leasing.

(1) Cloud POS Store Management System-Catering Edition

The system is specifically designed for the basic management required by the catering industry, which is convenient for customers to carry out various system operations and displays, such as ordering, meal combination, promotion, desktop display and checkout, etc., as well as various unique functions such as cloud attendance software and instant uploading and backup of checkout data, which can help avoid human error, make delivery of food more efficient and let the store owner easily manage and master business information. The system also uses rental services, and the user can choose between PCs, tablets or other mobile devices according their need to order for meals. Selection of software application and peripheral products can be adjusted at any time according to needs, making management more economically efficient.

(2) Cloud POS Store Management System-Retail Edition

The system is the ERP software specifically designed for the retail industry. With features such as customer transaction details, inventory transfer, inventory loss adjustment, inventory management, purchase and sales management, customer data management, etc., the system is able to simplify in-store inventory operations, reduce inventory, increase turnover of goods. It also has a number of unique features such as cloud attendance software and instant upload and backup of checkout data. The system also uses rental services, and the user can choose between PCs, tablets or other mobile devices according their need to order for meals. Selection of software application and peripheral products can be adjusted at any time according to needs, making management more economically efficient.

J. AED Life Security Integration System

Integrating existing business research and development results and service energy, the Company exclusively launched the AED back-end connection management service system (the AED caring system) to comply with government regulations to actively promote the deployment of AED (Automated External Defibrillator) equipment installed in the eight major public places and other public and private area and to provide users with better services. The system is able to monitor and control the AED conditions, such as door opening/closing, AED being taken out, abnormality of AED equipment, etc., on the site at any time to reduce the burden on the AED manager and ensuring the availability of on-site AED equipment.

In order to respond to the national AED policy and universal social awareness of life security and to raise awareness of remote residents for safety and the golden window for rescue, the Company and the Group’s foundation jointly started the ―CPR+AED for Remote Resident‖ campaign in 2017 support the implementation of the public AED in local townships with actual action and achieve the goal of “CPR and AED for everyone, everywhere.” We also cooperate with other property management companies and security companies to promote the “AEDs among Communities” campaign to share the concept with more people and families, and to avoid missing the golden window for rescue. In 2018, the Company and the Taipei City Fire Department jointly presented the ―Safe Guardian APP‖ to call upon public for the awareness of emergency rescue. The “People’s Guardian App” can be connected to the Dispatch Center of the fire Taipei City Fire Department. Upon receiving a 119 call, the App will take the initiative to notify the nearby CPR “guardian,” so that the people who are “guardians” can arrive before the ambulance to perform CPR or AED electric shock on the injured in time of the golden window of rescue and build a safe environment. Adhere to the principle of continuous innovation and progress, the Group introduced an upgraded version of the visual AED, Defibtec [DT2] in 2020, which provides 3D full-color CPR+AED interactive audiovisual instruction, real-time on-screen AED status (including: AED host information, usage status, battery power, and electric shock patch expiration date), and the industry’s longest 8-year original warranty. The launch of new product can strengthen the competitiveness of AED products in the market and provide customers with better products and services.

K. Community Solutions

(1) Smart Building Management Systems

Unlike any average antitheft system in the market, the Company understands the need for package service. As a respond to this demand and to the one-fixed-day-off-and-one-flexible-rest-day labor policy, we have specifically planned the ―Cloud Security Guard‖ one-stop service for those with specific requirements by substituting nighttime police force with a smart building management system, we are able to help old communities to adapt to smart managing and strengthen loyalty of our community customers.

(2) Property Management System

The “Secom Cloud Butler” system is a property management platform and APP integration service. It is used by community customers in conjunction with the “My Vita Smart Security System.” This property management system fixes the common management problems of manpower and paperwork in the community with digitalized system. Through the smart App, the Secom My Vita online store is brought to the customer’s eyes, increasing the exposure of the My Vita brand products. Additional features will be added to meet the needs of users in the future.

L. Disaster Prevention and Planning Service

(1) Earthquake Alarm Service

Using the characteristics of seismic wave transmission, when a less destructive bust faster P wave (initial wave, compression wave) is detected, a warning is issued immediately, so that the public can be able to respond before more destructive but slower S wave (second wave, shear wave) arrives and evacuate. According to the distance of the center of the earthquake, this could help save many seconds to many minutes of time.

(2) Disaster Prevention Monitoring System

Integrated with construction safety characteristics research, disaster prevention service operation, customer display platform, event control platform, action disaster investigation, monitoring data query and other technologies, the disaster prevention services is able to intellectualize its operation to achieve regular monitoring of building structures, real-time warning, disaster response, after-disaster diagnosis and recovery and other purposes.

(3) Fire Monitoring and Notification System

On April 26, 2020, a serious fire occurred at PARTYWORLD KTV in Zhongshan District, Taipei City due to a suspected fire safety equipment shutdown during construction, causing the equipment to fail to operate effectively and resulting in serious injuries and deaths. The Taipei City Government therefore began to amend the “Taipei City Autonomous Regulations for Fire Prevention” to require enhanced fire safety contingency measures for venues with unspecified gatherings of people, strong entertainment sound and light effects, enclosed and dimly lit, and where consumers are generally unfamiliar with the movement and difficult to identify their location, so as to avoid a large number of casualties in the event of a disaster.

To cope with future regulations, Taiwan Secom has developed a fire monitoring and notification system to monitor the fire safety equipment such as the fire detector central control, broadcasting equipment, smoke ventilator, and fire sprinkler equipment on the subject site 24 hours a day. Once the fire detector central control, broadcasting equipment, smoke ventilator, or fire sprinkler equipment is shut down or malfunctioned, the Secom Disaster Prevention Help Desk will take control and monitor the situation through CCTV in the first instance. At the same time, the fire prevention administrator and the owner of the subject premises will be notified through APP push/SMS/mail/telephone, and the fire prevention administrator (or the on-site agent) will immediately confirm the abnormal condition of the on-site fire equipment and assist in tracking until the condition is lifted. This service also provides fire alarm transfer from the fire detector central control and can be combined with the “119 fire reporting device” to automatically report the fire.

M. New Retail E-commerce Services

In response to the trend of new retail, in order to strengthen the merchandise marketing channel, besides the physical enterprise channels of affiliated enterprises, the Company has successively developed and expanded new channels for online e-commerce platforms. The Company expanded its traditional door-to-door market development channel by sales personnel into a multi-network marketing model. Through different consumption scenarios, the Company cultivates potential customers, conducts a large number of digital marketing and CRM management, and deepens the value of its members. The Company also selects third-party high-quality product suppliers to expand online merchandise categories through reliable brand values, and provides customers with comprehensive, full-channel, and uninterrupted services to maintain and further enhance the quality of customer experience.

N. Home Repair Service

In addition to monitoring and disaster prevention needs in the building, home repair is also a burning issue in our customers' everyday lives. In April 2016, the Company officially launched the "Home Environment Cleaning Expert" service, a one-stop cleaning service for air-conditioning and home appliance, to sale a variety of installation, maintenance and cleaning services for household appliances and air conditioners. Through our unique 12-stage treatment, we can effectively sterilize and mold-proof air conditioners and bring customers a comfortable environment away from allergens. Starting from 2018, in response to the requirements of home customers, we have successively extend "Home Environment Cleaning Expert" cleaning service to water pipes, water towers and washing machines, leaky pipes repair and have also accepted customers' order of home appliances, providing another growing force for the Company's revenues. Since 2020, due to the market panic caused by COVID-19, the demand for disinfection and sterilization at home or in the office has increased dramatically, and "Home Environment Cleaning Expert" therefore quickly launched disinfection and sterilization services. By professionals using the original bactericide imported from the United States to effectively sterilize the bacteria in a short period of time, we protect the health of consumers!

O. Network Information Security Service - IoT Security Enhancement

With the advent of the IoT, devices and machines are connected to the network and becoming intelligent. The various network devices that constitute the Internet of Things (IoT) are changing the way we interact with the surrounding environment. The IoT brings more advanced application services to real life, such as smart homes, smart meters and health monitoring, and vehicles connected to the network. The frequency of related devices and systems using the network has increased greatly, and such devices and systems exist in various fields and environments. IoT devices will collect and transmit data that uses various security requirements, so that the attack targets of hackers will change accordingly. The security threat of the IoT is increasing day by day. Like IT systems, IoT networks and devices are vulnerable to manipulation and destruction, which in turn leads to various risks. For example, the leakage of important personal information and the suspension of key business services. In addition, privacy issues also worry consumers. According to statistics, 90% of consumers lack confidence in the security of IoT devices.

Secom not only provides physical customer security, but also further provides customers with virtual security assistance. At the end of 2019, the Company launched the [UTM Secom Net Guard] service - a unified threat management (UTM). This is a network security enhancement, evolving from traditional firewalls, and is the basic equipment for network gateway defense programs. It integrates multiple security functions on a single device product, providing functions including network firewall, intrusion prevention systems (IPS), gateway antivirus (AV), and web security filtering (Web Guard).

Security risks such as computer viruses, malware, mining software, hacker intrusions, fraudulent emails, and phishing websites continue to threaten customers' network information security. In order to solve the problems of customers who have network security needs but no dedicated information engineers (such as small and medium-sized enterprises/businesses/family customers, etc.), the Company has launched a network security detection service. No professional IT engineer is required, and customers can simply complete the installation and use. This service provides customers with a virus-free and anti-hacking, clean, safe and secure network space environment.

Information security and privacy protection have obviously become one of the important issues of the IoT. Faced with various IoT security challenges, establishment of an active security protection and development of active security enhancement products is an urgent task.

2. Percentage of operation

Unit: NT$ thousand

Items \ Revenue and Proportion	2020	
	Revenue	Proportion (%)
Income from electronic system	6,635,832	48.41%
Income from static guard service	2,280,110	16.64%
Income from armored cash delivery	1,100,163	8.03%
Income from logistics service	999,392	7.29%
Other operating Income	2,690,868	19.63%
Total	13,706,365	100.00%

*The amount is net sales.

3. Current Products (Services) and New Products (Services) Development

A. Current Products (Services)

1. IoT Smart Security and Control
2. MiniBond Satellite Positioning and Search Service
3. MiniBond Video Vehicle Positioning and Management System
4. MiniBond Waste Collecting Vehicle Fleet Positioning Management System
5. Digital Surveillance and Video Intercom System
6. Professional Fire Safety Planning and Construction
7. Fire safety equipment monitoring and management services
8. Access Control and Attendance system construction service
9. Building Environment Integration and Planning service
10. Surveillance Equipment Integration and Planning service
11. Cash (and bills) Carrier Service
12. Resident Security Guard Service
13. Smart Building Management Service
14. Smart Care Service
15. Public Health Station Service
16. Contracted OM nurse clinical health care services for corporate
17. AED Life Security Integration Service
18. Public Elderly Care Service

19. Emergency Services for Solitary Elders
20. Cloud POS Store Management Service
21. Public Housing Security Solutions
22. Disaster Prevention Integration and Planning Service
23. New Retail E-commerce Service
24. Home Repair Service
25. UTM Secom Internet Sentry Information Security Service

B. New Products (Services) Development

1. Heterogeneous HR and access control system integration research and development
2. MiFare DESFire card reader development
3. MiniBond video tracker cloud storage architecture development
4. MiniBond BAC tester and platform development
5. MiniBond Cold Chain Fleet Platform and Report Development
6. Security card box auto counting system development
7. Research and development of information security protection services
8. My Vita disaster prevention detector integration development
9. Semi-self-service video management security service system integration development
10. Third generation 119 fire reporting device development
11. Network monitoring cloud storage system integration development
12. AI intelligent image face recognition device research and development

5-1-2. Industry Overview

Since its establishment in 1977, the Company has been leading the industry with the goal of becoming an industry standard. In the very beginning, we started from the basic passive anti-theft service and expanded to the current industry that has integrated multi-functional, high value-added, all-round social security system. Through the vertical integration and horizontal development strategy, our service including a variety of smart security control system services , digital surveillance system, access control and attendance system, fire system, fire monitoring and management system, professional vault, mobile satellite positioning, and search, fleet management, smart care service, public health station service, corporate OM nurse clinical health care services, AED life insurance integration service, Emergency Services for Solitary Elders, POS store management system integration service, introduction of smart green building projects, earthquake warning, information security protection and other security related projects. The company has always insisted on the investment of research and development expenses, and under the drive of high-quality talents and R&D team, we have established a complete safety management integration solution for our customers. As we face the changing trend of a digital age, the application of AI, IoT (IoT; Internet of Things) and cloud (AI+IoT=AIoT) technologies will help us realize invisible requirements through big data analysis to achieve the ultimate goal of higher customer satisfaction. The Company's industry profile is described as follows:

1. The Company's business covers the public, commercial and residential areas. At present, the number of customers exceeds 220,000. We are the oldest and largest company in the domestic security system industry and have long been the leading brand in the market with the firmest foundation.
2. In the fourth quarter of 2014, we launched the ―My Vita‖ service, utilizing existing competitive advantages (channel, platform, dispatch) and strong R&D integration capabilities to focus on six major life services – smart home, smart disaster prevention, smart home appliances, smart care, smart energy saving, intelligent anti-theft, actively research and develop applications that meet the needs of users. Through data collection

and big data analysis, we have developed services that are closer to the living needs. As the IoT environment matures, more possibilities will be opened in the service areas. The Company will gradually develop towards the role of a smart security integration service provider.

3. After the video technology has upgraded to digital and cloud-based, the market for surveillance systems also has to continuously extend and develop various services. In response to the remote monitoring demand of network technology popularization, it is necessary to continuously develop evolutionary functions. In addition to providing a management platform with a large central monitoring center, we also need to provide reliable transmission, storage and smart recognition and analysis of video data, as well as design complete solutions according to different industry scenarios, such as smart city and smart traffic applications, community store unmanned management, and non-contact management...etc. These are all the key development points in the smart video monitoring market.
4. Fire systems are still focused on automation management and environmental protection. With the steady growth of market demand for cutting-edge technology, we will continue to introduce more innovative products and strengthen systemic performance so that we can meet the corporate demand for fire protection functions in the market In 2020, the original fire protection system, which had been mainly sold out, was transformed into a fire equipment monitoring and management service, which is mainly leased, to expand the market scale and increase the sales revenue.
5. In addition to access management, the core development of the access control and attendance system integrates resources for payroll and attendance software development, and develops into a stable and expandable system that can be combined with various sensory equipment, such as license plate recognition, biometrics, smart electronic locks, and even extended POS systems for business management, etc., driving the momentum of the market.
6. The demand for high-quality and secured vaults has always guarantee steady growth in the market. In addition to ongoing development and introduction of relevant new products, the integration of the IoT concept and other system product is also a way to add value to the products and help us keep up with the ever-changing market demand.
7. The Company is the first in the industry to introduce mobile security services, breaking limits of fixed target security and expanding the protection to moving targets to provide location search and emergency service to children, elderly, women and underprivileged groups. Our services are also aimed at positioning and anti-theft notifications for auto motors and valuables. Recently, The Company’s services focus on the development of APP functions in different types of vehicle management systems, such as dispatching system APP and refuse collection APP By providing an impeccable fleet management platform, we are able to help commercial users and government units to improve management efficiency with mobile devices and online inquiries at any time, and further realizing the improvement of efficiency.
8. Instead of real-time monitoring and dispatching requirements of the commercial fleet, customers are more urgently in need of image monitoring and management. The Company is currently working on the development of a video vehicle monitoring and management system. When a vehicles collide or an abnormal situation occurs, the instant recording of the driving can help clarify the incident, further providing impenetrable protection and positioning for vehicles.
9. More and more market players (Market Player), such as retail and logistics, enter the e-commerce market and invest in membership development, looking forward to creating a complete online and offline ecosystem. In addition to the continuous effort to cultivate the community and operate local customers through the traditional security

business and service channels, we also leverage e-commerce websites, LINE, FB and other online platforms to cooperate with other industries to develop potential consumers through the digital technology marketing (MarTech) model. By analyzing and feeding back to the shopping and browsing information collected by the CRM from both sides, we can create a win-win situation and provide added value for the customers of both parties and increase the value of membership.

10. In order to be close to the family market and have a more life-oriented interaction with customers, the Company launched a series of home cleaning service since 2016, such as air-conditioning sterilization, water pipes and washing machines cleaning, leaky pipes repair and sale of home appliances and living articles. Since 2020, in cope with the demand for disinfection and sterilization at home or in the office arising from the COVID-19 epidemic, the Company launched disinfection and sterilization services. The home cleaning industry is a perfectly competitive market, meaning that there are many competitors in the industry. The quality of our competitors tends to vary rapidly and they are constantly engaged in a price competition. Therefore, only by ensuring stable service quality, prompt maintenance and after-sales service, and combining mobile devices to achieve complete online and offline services, can the Company thrive in this competitive market.

5-1-3. Research and Development:

1. R&D expenses in the most recent year and up to the date of this annual report

2020	NT$	111,575thousand
2021 As of the printing date of this annual report	NT$	27,872thousand

2. Research and Development Achievements

I. Development of wireless devices for fire prevention and fire monitoring and notification system

In 2020, a serious fire occurred at a large business premises due to a suspected fire safety equipment shutdown during construction, causing the equipment to fail to operate effectively and resulting in serious injuries and deaths. The Taipei City Government therefore began to amend the “Taipei City Autonomous Regulations for Fire Prevention” to require enhanced fire safety contingency measures for venues with unspecified gatherings of people, strong entertainment sound and light effects, enclosed and dimly lit, and where consumers are generally unfamiliar with the movement and difficult to identify their location, so as to avoid a large number of casualties in the event of a disaster.

Although there are relevant fire protection systems on the market, there is no way to take into account whether the third-party notifier or equipment monitoring technology violates fire equipment-related regulations, so consumers can only manage on their own. In order to solve the problem of improper equipment shutdown, Taiwan Secom has developed a system that can detect fire equipment shutdown without affecting the original function of the fire safety equipment, and under the premise of satisfying the existing and future fire regulations, and launched the “My Vita Fire Protection” service, which provides the following services:

(1) Monitor the fire safety equipment such as the fire detector central control, broadcasting equipment, smoke ventilator, and auto sprinkler equipment on the

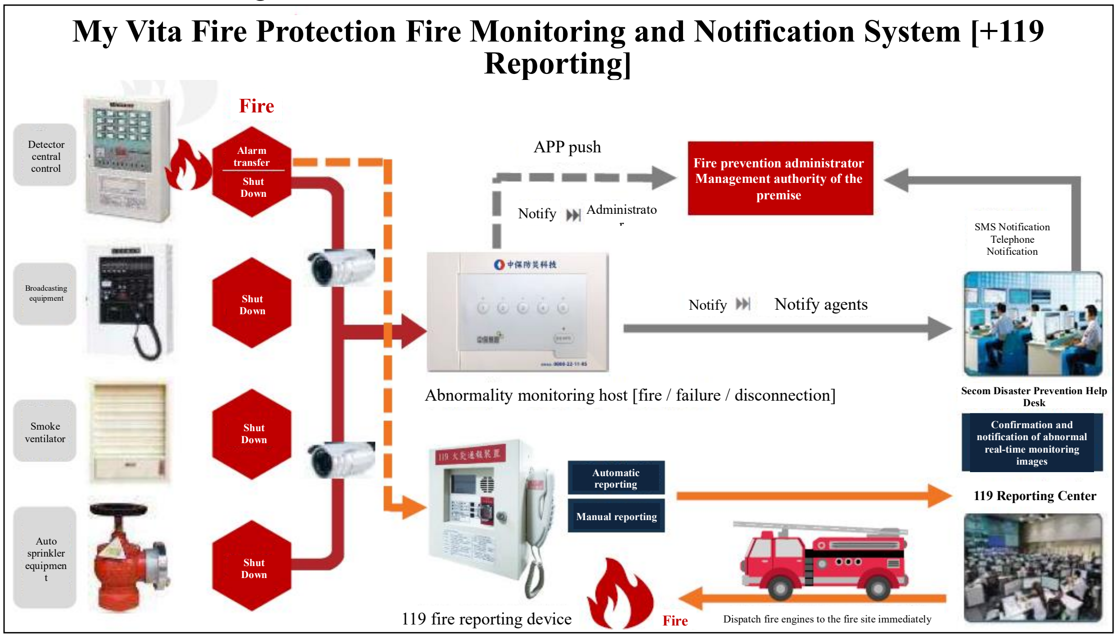
subject site 24 hours a day.

(2) Once the fire detector central control, broadcasting equipment, smoke ventilator, or auto sprinkler equipment is shut down or malfunctioned, the Secom Disaster Prevention Help Desk will take control and monitor the situation through CCTV in the first instance.

(3) At the same time, the fire prevention administrator and the owner of the subject premises will be notified through APP push/SMS/mail/telephone, and the fire prevention administrator (or the on-site agent) will immediately confirm the abnormal condition of the on-site fire equipment and assist in tracking until the condition is lifted.

(4) Furthermore, this service can be additionally combined with the “119 fire reporting device” to automatically report the fire

To ensure the effective and normal operation of the detection system, the relevant operating systems of detecting devices, receiving host and cloud desktop management are carefully developed and created by our R&D staffs. And there is a group of professional and patient service personnel to provide 24-hour professional services. We believe that we can provide consumers with a full range of services.



My Vita Fire Protection Fire Monitoring and Notification System [+119 Reporting] Framework

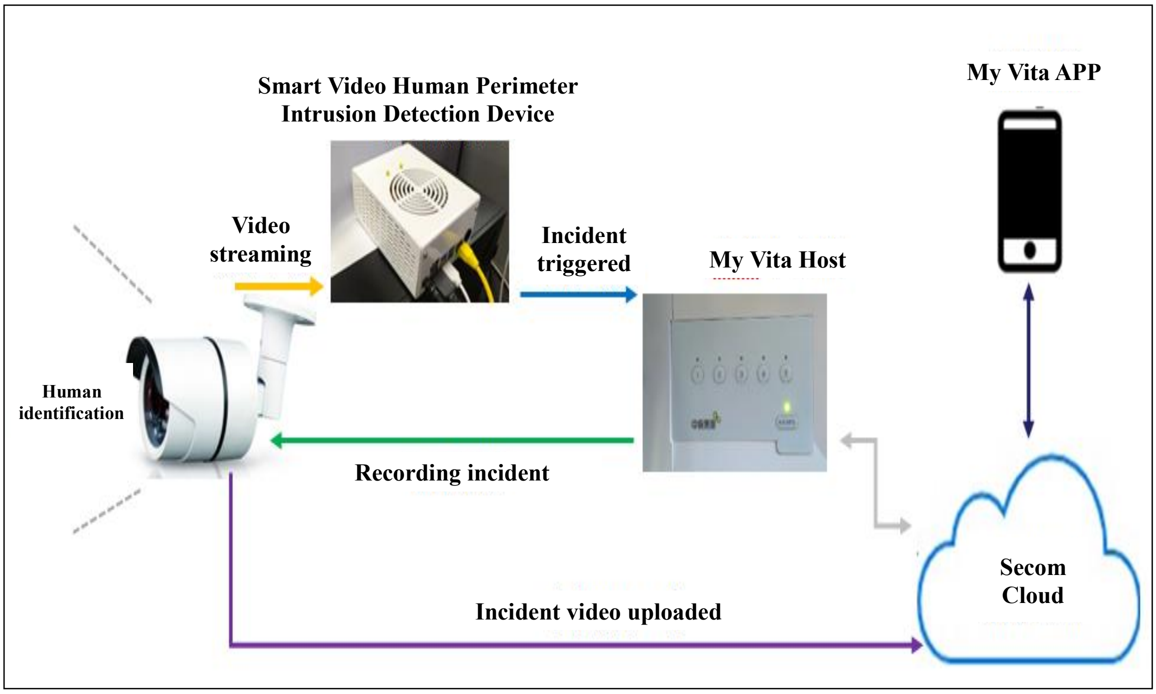
Comparison Items	SIGMU D.P.T. Co., Ltd.	Other companies
24 hours monitoring by a third party	✓	✗
Real-time CCTV monitoring	✓	✗
Failure / disconnection 24 hours automatic detection	✓	✗
Automatically produce management report for fire prevention administrator	✓	✗
Provide liability compensation	✓	✗
Both cable and wireless transmission	✓	Cable transmission only
Whether or not in compliance with the laws and regulations (not modified or altered)	✓	✗
Real-time notification of abnormal signals (App push)	✓	✓
Real-time notification of abnormal signals (SMS/mail notification)	✓	✗
Real-time notification of abnormal signals (telephone notification)	✓	✗

Comparison table of equipment

II. Development of My Vita AI Smart Video Human Perimeter Intrusion Detection Device

The application of image recognition has always been the most known item in deep learning. The introduction of image recognition technology has dramatically changed the way people live their lives, whether in defense, technology, education or daily life. Technologies such as AI, machine learning, deep learning and big data have been applied in various fields, but the previous technical barriers and extremely high costs have been delaying the introduction in the security applications. However, with the advancement of technology and breakthroughs in various recognition technologies, the security industry has been gradually introducing the concept of smart security in recent years to strengthen the shortcomings of traditional alarms and help improve the efficiency of personnel handling.

Taiwan Secom also enhances the previous My Vita intrusion detection system by introducing smart recognition technology. Through image recognition analysis, the system can identify abnormal signals as intrusion by personnel, which can effectively reduce false alarm messages and the burden of control personnel, and at the same time record the images at the time of intrusion; the recognition system itself can continue to learn in response to future changing alarm events to achieve the result of smart security (system architecture is shown as below). The main features of this system are as follows:



(1)Filtering false alarms
It can effectively exclude the false alarms arising from the infrared or laser intrusion detectors being obstructed by unknown objects.

(2)Highlighting the alarm video precisely.
The alarm sites can be marked accurately in the alarm video, allowing the control center to confirm the alarm sites and where to dispatch more efficiently.

(3)Lower transmission limit
Leveraging the front-end recognition feature to recognize a large amount of image information in the AI devices and only transmit the image clip of the target object, so that can greatly reduce the transmission bandwidth requirement and enhance the timeliness of alarms.

(4)Number of people and traffic flow control in designated area
As the epidemic continues, the system can use image recognition to automatically identify the number of people in a designated area, instantly grasp the movement of people and automatically issue alerts and notifications.

(5)Flexibly equip different recognition functions
Without changing the hardware, the recognition type of the system can be changed according to the requirements of various cases, making the product uniform and easy to mass produce.

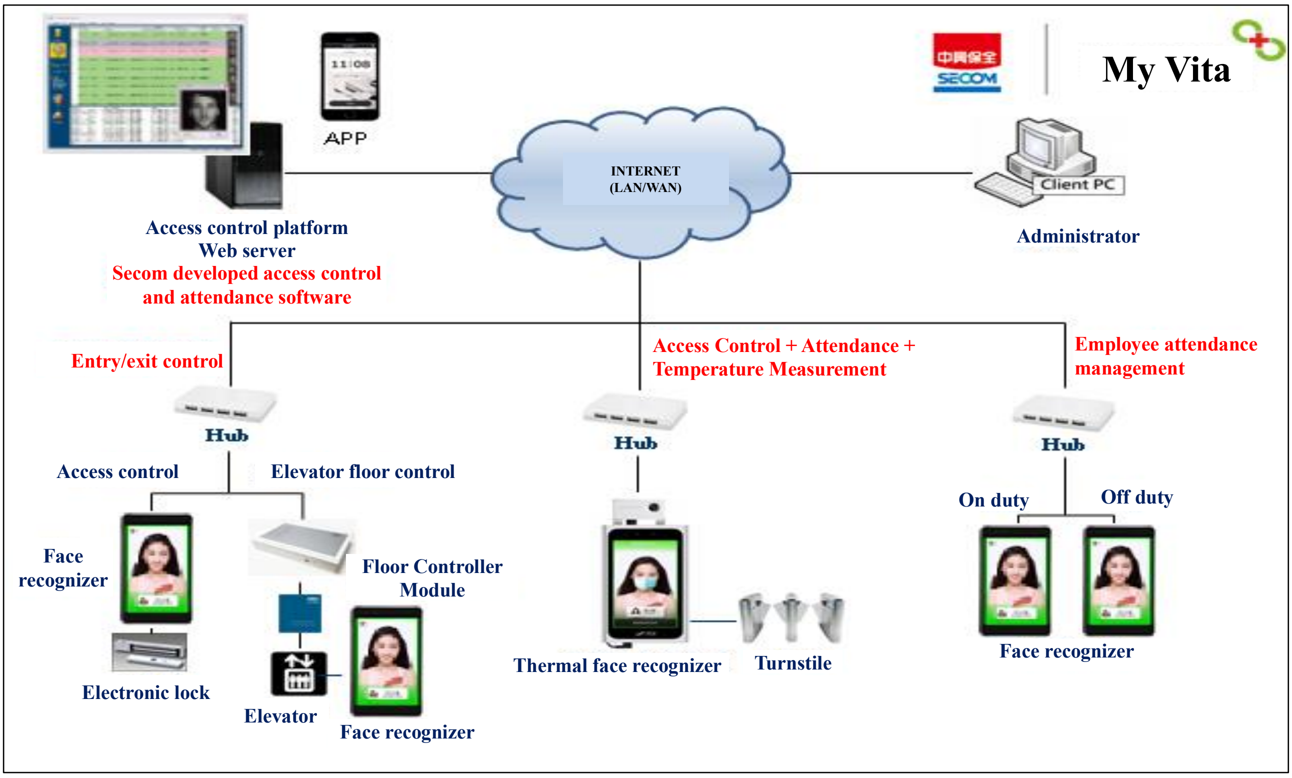
III. Integration development of the new face recognition system

The traditional face recognition product, i.e. the positioning type face recognition product, has been used in the access control and time and attendance fields for quite a long time. The recognized person must actively cooperate by standing at a fixed position and waiting, and can continue to enter and exit only after successfully recognized.

When traditional face recognition products are used at high traffic entrances and exits, such as corporate headquarters, shopping malls, or campuses, they will not be able to handle it and will create a long line.

Such scenarios require the use of new non-positioning face recognition technologies which allow people to be recognized instantly and dynamically between movements.

With the maturity of basic technologies such as artificial intelligence and deep learning, this year, the Company has invested in integration research and continued to introduce smart image analysis algorithms and face recognition algorithms into the front-end surveillance equipment. By utilizing the edge computing capability of the camera for image analysis and recognition, the webcams are capable of dynamic face recognition and people counting, while integrating the smart face recognition of the access control and attendance system to provide customers with card-less, touch-free, and stay-free dynamic face recognition, providing highly secure, fast, and convenient smart services (system architecture is shown below), including System architecture diagram.



(1)Increase the number of face recognition

The old version of face recognizer can recognize about 2,000 to 3,000 people, which is sufficient for general SMEs; with the advancement of technology, we have increased the number of recognition to 50,000, but the increase in the number of recognition does not affect the speed and accuracy of recognition at all. The equipment has been used by the customers on site and has won their praise. The number of customers is increasing.

(2)Liveness detection

With 3D face image detection, it effectively prevents photos, images, masks and many other non-live hacking methods. Avoid intrusion by intentional people to ensure the access control security and attendance information correctness.

(3)Scenario-independent equipment specifications

The new version of face recognizer is capable of operating under both strong light and low light conditions. With IP67 waterproof rating, the equipment can be installed in all outdoor areas, no matter it is under the direct sunlight or heavy rain at night, it will not affect the recognition effect of the face recognizer. This is a major breakthrough in the combination of hardware and software for recognition technology.

(4)The best choice for access control and attendance recognition equipment during an epidemic

The Covid-19 epidemic has once again confronted humans with a huge change in lifestyle; wearing masks, taking body temperature in and out of specific places, and keeping a social distance from people.

The new version of face recognizer can meet each of these special requirement: no need for skin and hand contact with the device; while doing face recognition, mask recognition and real-time forehead temperature measurement can be done at the same time, preventing possible epidemic prevention breakthroughs, and can also be used for access control attendance; even with a mask on, the system still has a certain degree of personnel recognition capability, eliminating the trouble of putting on and taking off the mask and hand contact.

IV.Development of NB-IoT and 4G wireless device for AED Nanny Detector

In recent years, applications related to the Internet of Things (IoT) have been booming. With the continuous advancement of technology and more mature and stable servers and networks, cloud management applications have gradually become an indispensable part of life.

In this regard, while Taiwan Secom provides customers with secure and convenient services and statistics of big data, the stability and continuity of IoT front-end devices are very important. Therefore, by applying this technology to the AED Nanny System, we are able to meet the following user requirements:

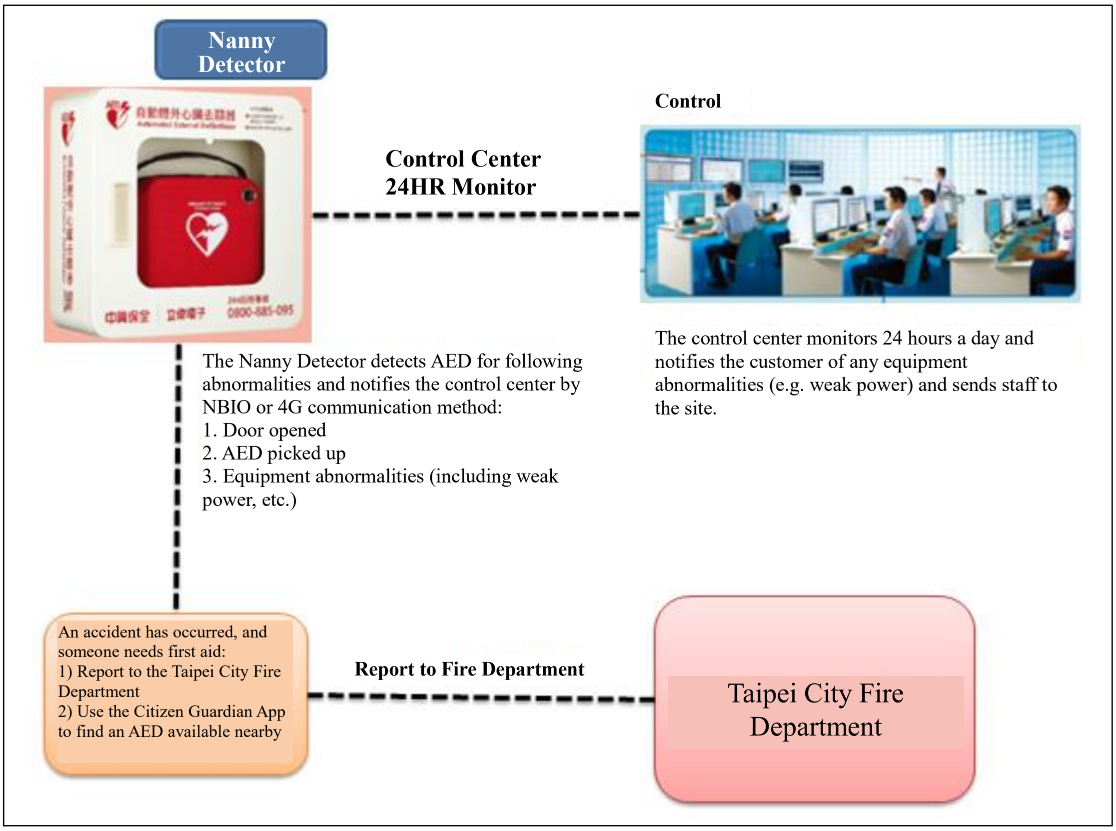
(1) Allowing the user to manage easily:
Support automatic detection and proactive reporting of equipment without manual checking. Making the routine work of equipment maintenance more efficient.

(2) Users can quickly access and use:
In the event of an accident, anyone in need of first aid can be rescued by this equipment in a very short period of time, fighting for every second of the moment to increase the chances of successfully saving precious lives.

(3) Changes in wireless communication technology:
With the advancement of wireless communication technology, telecom operators have upgraded their systems from the old 3G system to devices related to wireless communication technologies such as NB-IoT, 4G etc., so the devices transmitting signals through telecom operators’ base stations must also be able to support the new communication technology.

First aid is a race against time. Therefore, the Company has planned a solution that incorporates AEDs to provide good first aid equipment in a short period of time in the event of an accident. It is very important to deliver the first aid equipment to the accident site earlier. Considering the above two user needs, and in response to the telecom operators’ wireless communication technology has been upgraded to NB-IoT and 4G wireless communication related devices, the Company developed AED Nanny Detector supporting NB-IoT and 4G wireless communication; the hardware and software system architecture of this device is as follows:

(1)AED equipment: First Aid equipment.
(2)Nanny Detector: Test the AED equipment for abnormalities at any time and actively notify Secom Control Center for subsequent troubleshooting.
(3)Control center: Monitor the status of the equipment at any time and take the initiative to inform customers of any abnormalities.
(4)Citizen Guardian APP: Used to notify the Taipei City Government Fire Department and to locate the nearest available AED equipment.



Schematic diagram of the services of AED Nanny Detector and the Citizen Guardian App

5-1-4. Long/short-term business development plan

Current and future R&D and business plans of the Company:

Item	Name of Plan
1	Heterogeneous HR and access control system integration research and development
2	MiFare DESFire card reader development
3	MiniBond video tracker cloud storage architecture development
4	MiniBond BAC tester and platform development
5	MiniBond Cold Chain Fleet Platform and Report Development
6	Security card box auto counting system development
7	Research and development of information security protection services
8	My Vita disaster prevention detector integration development
9	Semi-self-service video management security service system integration development
10	Third generation 119 fire reporting device development
11	Network monitoring cloud storage system integration development
12	AI intelligent image face recognition device research and development
13	Heterogeneous HR and access control system integration research and development
14	MiFare DESFire card reader development

1. Short-term business development plan

(1) Product strategies

A. Continue to view “wireless linkage and cloud analysis” as the core to expand customer life experience, and introduce more smart home products or brands into the “My Vita” product circle, such as Google Nest Mini, remote lightening products, new electronic locks, community/home-type wireless intercommunication systems, and provide customers with more Intelligent controlling options.

B. From home living experience to the safety design of public space, from a single smart home to a broader community intelligent management, we will devote ourselves to integrating and interfacing cross-system service platforms, so that smart solutions can be seamlessly integrated into daily life.

C. In response to the COVID-19 epidemic and technological development, the product and market development strategies will focus on contactless management model, such as unmanned parking lot, unmanned factory/community, face recognition attendance system, thermometer, etc., so as to meet the market trend and expectation.

(2) Channel strategy

A. Establish long-term mutually beneficial relationships with interest groups and communities, and let sales reach every market through an institutionalized distribution model.

B. Participate in cross-industry collaborations, such as realtors, insurance companies, telecom operators, 3C channel, life insurance, etc. Through the reciprocal method of bonus/gift redeem/advertisement exchange, providing preferential content for customers of both parties, and reach different market segments to increase product visibility, creating a co-benefit Circle.

C. Optimize website to become a new channel for customer development. In addition to using network exposure, digital advertising, search engine optimization to improve word of mouse, the Company will operate official social networking sites, adding interactive games to potential consumers for the “Home Security” service experience and have a deeper understanding of My Vita services.

(3)Promotion Strategy

A. Attract public attention with the Company’s service and products, follow national policies or social trends to conduct strategic band communication, such as TV shows on specific topics, media interviews, to communicate with the market continuously.

B. Participate in large domestic exhibitions, such as Smart City, Security Expo, etc., to increase the interaction with industries and consumers, so as to understand the current status of new technology applications and market trends.

C. In order to provide our customers with exclusive benefits and abundant life services, we hold events in e-commerce channels from time to time and provide exclusive and limited safety products, gradually deepening the concept that security is not just security.

D. Through big data analysis, we use data-based customer relationship management to further segregate customer segments and differentiate the marketing, hoping to increase the output value of each customer’s revenue contribution.

2. Long term business development plans

(1)Product strategies

A. With the high uncertainty and high cost of new product development, we have made our customers important partners of our R&D unit to invested in new product trials and feedback jointly, with “speed to market” as our product development orientation.

B. Perform big data analysis on historical data, identify high-value customer groups, develop and plan additional services required by each customer group, and strengthen the connection with customers.

C. In the IoT era, the security threats faced by both enterprises and individuals can be extended from the “physical” to the “invisible” domain. In order to reduce the risk of cyber-attacks to our customers, network security control products are one of the key items we are promoting and investing in.

D. The product development strategies will be adjusted dynamically according to the national policy, global technology development and socio-economic environment changes, such as image environmental protection vehicle tracker, drone application, contactless security management model (access control, body temperature measurement, AI recognition), etc.

(2)Channel strategy

A. We will continuously devote to corporate reengineer and resources reorganization, so as to streamline intergroup communication, accelerate opportunities for cooperation and cross-group resource exchange, and at the same time reorganize the branch authority and responsibility system (flatter) to give each local management unit more flexibility to respond quickly to market conditions.

B. With an all-channel operating concept, we combine the virtual and real channels of business channels and strategic alliances to form the “My Vita Circle of Life,” and make good use of the community, CRM and Data Driven of Big Data, to cultivate loyal members and promote accurate marketing.

C. In the future, we will gradually reduce the proportion of staff sales channels, actively seek cross-industry cooperation channels, and design exclusive activity campaigns to evaluate the growth potential of new markets and new channels.

(3)Promotion Strategy

A. Based on the commitment of pursuing continuous innovation and transformation, the Company officially changed its name to “Taiwan Secom Co., Ltd.” In order to break the public’s stereotypical thinking about security, we want to turn our brand image around with our technological strength. We want the public to be familiar with and accept the My Vita IoT service model, so as to establish a brand identity of “all-around security, peace of mind, convenience and comfort.”

B. By building public relations, we are increasing the visibility of the Company in the media. With integrated multi-channel resources, we are creating opportunities for cross-industry marketing cooperation.

C. We actively participate in national or industry-renowned corporate competitions, such as Corporate Social Responsibility (CSR), National Quality Award, Industry Innovation Service, etc., to gradually strengthen the Company and its internal processes.

5-2. Market and sales overview

5-2-1. Market analysis

(1) Sales (Service) Region: The Company’s service areas are distributed in Taiwan, Penghu, and Republic of China.

(2) Market share

The traditional security service industry is in full competition. However, due to the rapid changes in science, technology and international competition, the demand for “safety” among citizens has been overturned. In order to maintain stable growth, we are constantly seeking opportunities for cross-industry collaborations and innovative applications to enrich the ―My Vita‖ product line and exceed our customers’ expectations. At present, the number of customers in the service has exceeded 220,000, making Secom the leading brand and model company of the industry

(3) Market Supply and Demand Situation and Growth in the Future

With techniques of AI, image recognition, 5G, NB-IOT and voice control, the young and middle-aged generations have different ways to interact with ―safety, this also brings new prospects for the future. Due to the popularity of technology and the lowering of technical thresholds, the public has a deeper concept of the application of IoT. In the future, the acceptance of smart systems with voice and remote control in the consumer market will indeed increase.

As world-renowned large enterprises continue to invest in the application of IoT, the security industry is facing many challenges. Even so, overviewing the Taiwan market, most of the demand for security control industry in the country still relies on 24-hour remote control services. To households and enterprises, the crisis management of immediate dispatch is still a key value that cannot be replaced. This is also one of the competitive advantages of the Company.

The company took the lead in launching the AIoT (AI+Internet of Things) concept of security services at the end of 2014, combining the Microsoft Azure cloud platform with big data analysis, customer relationship management (CRM). With the emphasis of IoT combined with cloud analysis, we are dedicated to create tailor-made active care and personalized smart home services for each individual and create a win-win situation for the Company and users.

(4) Competitive niche

The Company adheres to the principle of “customer safety, service first” and has invested billions to become the first in the industry to establish five centers, information center, control center, research and development center, the country’s largest security industry education and training center, and customer service center, the direct channel for 24-hour customer complaints. In the face of the ever-changing criminal tactics, in addition to the R&D center’s improved, well-developed and intelligent security products, we also collaborated with Japan's largest security company SECOM (SECOM Co., Ltd) to synchronize with the international market and introduce the latest smart security control system or disaster prevention products from time to time. This is our core advantage that is difficult to imitate by industry peers.

5-2-2. Favorable, Unfavorable Factors and Countermeasures of the Development Outlook

1. Favorable factors:
   A. The operating scale of dense service that spreads throughout Taiwan, the rich practical experience of entering the market at the earliest, the demand for security control services based on the trust of the people, and the effect of word of mouth, are the advantages the Company has in the market.
   B. In the value chain of the industry, the Company is capable of providing diversified security solutions due to various cross-industry partners. In the face of downstream customers, the Company can quickly grasp market trends and competitive information because of its dependent and intensive marketing channels. It also integrates the Group's resources and seizes opportunities to develop different market channels, so as to bring out the Group's synergy and provide one-stop services.
   C. The Company has the technology capabilities of wireless transmission and integration which allow for tailor-made planning for customers, and the equipment is also highly expandable, so the Company can help customers easily connect to smart mechanism.
   D. The Company, as a TWSE-listed company, has the strong financial system and sufficient resources to invest in innovative services.
   E. The collaboration of technology and market information with SECOM (SECOM Co., Ltd.), the largest security brand in the Japan helps keep us updated with the latest market trends.
2. Unfavorable factors:
   A. With the advancement of science and technology, the life cycle of goods is becoming short and rapid. In a highly competitive environment, effective cost control and internal value chain management become keys to success, and diversified product development also deepen the difficulties in business operation.
   B. Under the continuous impacts of domestic and international political and economic fluctuations and the COVID-19 epidemic, market confidence in business investment is low and consumption is conservative, resulting in increased market uncertainties and higher operational risks for enterprises.
   C. The significant labor shortage in the market, coupled with the problem of stress resistance and stability of fresh graduates, has led to a high turnover rate and training costs in the face of a highly volatile market environment and demand. The problem of labor shortage has become the hidden problem of the service gap to each security company.
   D. Whether DIY type of smart home system will become a potential competitor remains to be seen for a long term. For example, Apple's HomeKit platform, which allows users to manage smart home devices through the application, is another option for customers who do not need 24/7 monitoring and dispatching.
   E. In regards of e-commerce, the local and international e-commerce companies not only have readily logistic mechanism and abundant product lines, but also invest in advertisement and marketing resources constantly and aggressively pursues market shares. Coupled with the rising domestic logistic costs which further compresses the sales margin of products, it is not easy to develop e-commerce.
3. Countermeasures:
   A. Use big data to analyze consumers' consumption trajectory and strengthen

precision marketing

(1) Continuously use cross selling and bundling selling to increase the unit price for each consumer.
(2) Seamlessly integrate online and offline services in all channels to enhance the consumer’s experience, stay close to the ultimate consumers, and reduce logistics costs.
(3) Utilize big data to provide personalized product information and recommend customized products.
(4) Through the experience of members, analyze the advantages and disadvantages of commodities, moving from selling products to marketing “people.”

B. The Group holds internal innovation proposal competition from time to time to encourage all employees across the Group to create new ideas and startup businesses internally. In addition to the generous proposal prizes, it is even more important to provide a big stage for each employee to show their ability, satisfy their sense of honor and enhance their job recognition.

C. Although domestic and international technology-related exhibitions were cancelled in 2020 due to the epidemic, the U.S. sanctions against Chinese chip makers led to opportunities for us to seek cooperation with domestic manufacturers, resulting in a closer strategic partnership and a positive impact on product development.

D. We attach importance to the development of community living circle and will seek strategic alliance to find allies with complementary resources and mutual benefits to jointly build a smart living circle and deepen the breadth and scope of services; Look for and create the indispensable life services for customers, such as companion services, home appliance air conditioning repair and procurement services, water pipes and washing machine cleaning, leaky pipes repair, etc., to break the price of traditional market services and the uneven quality of service providers. Expand the existing service market, and give customers a better option.

E. Incorporate Epic Tech Taiwan Inc. which is a 100% investment of Taiwan Secom Group. Epic Tech has advanced and solid software development technology, with technology as the starting point, creation as the foundation, and agility as the target. Become a helper in software development within the organization group to drive the speed of new product/service commercialization, respond flexibly to changes in customer and market demand, and quickly capture the market share.

F. In order to grasp the potential market information, we provide sales staff with more real-time management and marketing tools, such as Power BI, My Vita mobile quotation authorization system, and e-contract, which help sales staff to make quotations, save potential customer information, conduct electronic authorization, display digital product catalog...etc. at any time without the restriction of environment and space to speed up the decision and response to the market. As well as evaluate other business-assisted sales software on the market to eliminate any potential inefficiencies.

G. In order to ensure the cultivation and retention of talents and enhance the competitiveness of the Group, we will introduce HRMS personnel management system to coordinate the talent assets and set up a cross-group team to plan, coordinate and promote various preparatory work

5-2-3. Main Application and Production Procedure of Major Products

1. Main Application of Major Products

Major Service	Main Use
Electronic security system	With the use of communication network and computer equipment, and collaboration with professional electronic security equipment and personnel to maintain the safety of customers' lives and properties.

2. Production procedure: production has been outsourced

5-2-4. Supply Status of Main Raw Materials

The Company's main raw materials are equipment related to services such as security services, image monitoring and IoT applications. The supply of various products is developed by the Company's R&D department, with the technical assistance from Japan Secom. The Company mainly commissions domestic manufacturers to manufacture and imported certain equipment from abroad.

5-2-5. Customers accounting for 10%or more of the company's total procurement amount in the two most recent fiscal year:

1. Name of customers accounting for10% or more of the total procurement amount and their names, procurement amount and proportion:

Year / Order	2020				2019				As of the printing date of this annual report (2021)			
	Customer names	Amount	As a percentage of	Relationship with the issuer	Customer names	Amount	As a percentage of	Relationship with the issuer	Customer names	Amount	As a percentage of	Relationship with the issuer
1	Others	1,233,140	90.55%		Company A	202,703	14.73%	None	Others	306,329	89.28%	
					Others	1,173,579	85.27%					
	Total net procurement	1,361,881	100.00%		Total net procurement	1,376,282	100.00%		Total net procurement	343,098	100.00%	

（1）The procurement from Company A has decreased, as the Company has diverted its procurement to other suppliers.

2. Name of customers accounting for10% or more of the total procurement amount and their names, procurement amount and proportion: There is no customers accounting for 10% or more of the total procurement in the two most recent fiscal years.

5-2-6. Production volume and value in the most recent two years: Not applicable.

5-2-7. Sales volume and value over the past two years:

Unit: NT$ thousand

Items \ Year	2020				2019			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value	Sales volume	Sales value
Income from electronic system	-	6,635,832	-	-	-	6,628,124	-	-
Income from static guard service	-	2,280,110	-	-	-	2,259,979	-	-
Income from armored cash delivery	-	1,100,163	-	-	-	1,004,275	-	-
Income from logistics service	-	999,392	-	-	-	857,257	-	-
Other operating Income	-	2,690,868	-	-	-	2,662,042	-	-
Total	-	13,706,365	-	-	-	13,411,677	-	-

5-3. Employee Profile of the Most Recent Two Years up to the Publication of this Annual Report

Year		2019	2020	As of March 31, 2021
Number of employees	Salespersons	524	523	508
	Service Engineers	4257	4460	4405
	Manager	340	338	321
	Technicians	807	860	855
	R&D Engineers	89	81	80
	Others	2885	2836	2885
	Total	8902	9098	9054
Average age		42.00	41.03	41.44
Average year of service		6.80	6.57	6.81
Academic qualification degree distribution%	Ph.D.	0.00	0.00	0.00
	Master	5.74	8.71	8.53
	Bachelor	55.17	54.34	55.01
	High School	33.47	31.70	31.55
	Lower Schools	5.62	5.25	4.91

※Source: Secom’s internal data.

5-4. Environmental protection expenditure information and social responsibility information

5-4-1. The Company's main business is to provide security services, and there is no environmental pollution, so there is no environmental protection expenditure. In order to comply with the government's environmental protection policy on garbage sorting and reduction of plastic bags, the Company actively encourages employees to engage in environmental protection activities. In addition, the Taiwan Secom Culture Foundation organizes various environmental protection and volunteer activities, which contribute greatly to environmental protection measures in the office and resource recycling activities.

5-4-2. Last year (2020), the Company donated a total of NT$6,739 thousand to various educational, cultural and research institutions, including music groups, New Taipei City Culture Foundation, various culture and art foundations and social welfare foundation, trying to fulfill its corporate social responsibility.

5-5. Labor relations

5-5-1. Human resource management:

1. Employee complaint channel: Establish an internal employee complaint channel to resolve labor disputes.
2. Labor-employer communication: Regular labor-employer meetings are held to communicate opinions, and the meetings are held from time to time as necessary.
3. Retirement system: The Company allocates the old pension reserve funds to the statutory pension fund account of Bank of Taiwan and pays the new pension funds to the employee reserve funds according to the law every month. There were 24 employees eligible for retirement for the year.
4. The Company employed disabled and indigenous employees in accordance with the law, and implemented measures such as maternity leave, paternity leave, family care leave, and parental leave without pay in accordance with relevant laws and regulations. Among the cases, 101 employees took family care leave, and 13 employees took parental leave.
5. The Company organized promotion for corporate governance and ethics, including insider trading prevention, procedures handling material information, and personal information protection and management measures, which also incorporated performance management system to establish a clear reward and punishment system.
6. The Company completed the relevant certification requirements for human resources management in compliance with the CSR certification, and announced the results on the official website.

5-5-2. Human Resource Development (HRD)

1. The Company has established a dedicated education and training office responsible for personnel education and training and nurturing high-quality talents for the Company's sustainable growth. The annual investment in education and training related expenses are considerable and exceeds tens of millions of dollars. The Company's efforts have won a silver award issued by the Talent Quality-management System.
2. The Education and Training Division is subordinate to the Vice Chairman's Office (total of 16 members including supervisors and trainers). The division is responsible for matters regarding the HQ's centralized training and regional new employee training (including personnel counseling), and setting up multi-functional training classrooms across Taiwan.

3. The training structure focuses on seven courses (business, service, management, administration, innovation, education, managerial training, and specialized fields). In response to the need of various job functions, the structure refers to the Private Security Service Act and the Occupational Safety and Health Act and offers these courses: Sales and Service Engineers (SE)" career training is divided into one-year training for new hires, annual intensive training, and annual managerial training. New recruits of administration and staff are given "Taiwan Secom new job training and "Taiwan Secom growth training." There are also management associate training, management-level supervisor training, senior executive recharge meetings (lectures by well-known figures, reading club), etc.
4. Each unit implements various on-the-job training (OJT) in branches or management offices in order to strengthen the skills and ability of its staff. Morning reports, afternoon reports, honor clubs and monthly meetings are used to develop team cohesion and train employees' various skills.
5. In this era of knowledge explosion and certification, the Company makes full use of external training programs and establishes external training measures (tuition grants) to encourage employees to engage in self-development to gain more perspectives and enhance functional capabilities. Continuing education at schools are is also recommended.
6. In order to maintain service quality, the Company conducts skills verification every year to test technical abilities of service employees, so as to check whether they meet the requirements of various levels, and those who pass the verification will be rewarded with skill bonuses.
7. Establish a MyVITA+ "Planner Function" verification process to check employees' professional planning capability in MyVITA+, and establish an MyVITA+ sales talent database as a reference for formal appointment and promotion.
8. In response to the promotion of the "Taiwan Secom MyVITA+" system, the Company integrates the application services in daily lives with the IoT. In addition to the basic training on security monitoring products, the Company continues to reinforce employees' basic knowledge of other professional fields such as smart disaster prevention, smart care smart home control, smart energy conservation and smart anti-theft products.
9. Continue to improve the "Taiwan Secom Elite Academy" education and training platform.
10. In order to improve employees' knowledge of disaster prevention, Taiwan Secom MyVITA+ prevention online courses are organized to analyze the eight main causes of fire, response measures and case studies of major disasters. Q&A sessions are also arranged in class to improve the learning effectiveness and interactions.
11. In response to the coronavirus pandemic, centralized training batches have been switched to regional small team or video training. Those who attend classes are required to wear masks, wash hands and measure their body temperature. Equipment in the classes are also cleaned and disinfected regularly.

5-5-3. Welfare measures:

1. Salary: The Company is able to continue to distribute bonuses for Dragon Boat Festival, Mid-Autumn Festival and Spring Festival based on its annual operating results.
2. Employee protection: Insurance and occupational safety: Employees are to participate in labor and health insurance policies, and the Company also makes full payments to group medical insurance policies.
3. Voluntary insurance program: Provide "Home Like a Rock" insurance policies that require low premium payments. Employees and their family members can voluntarily participate

in the policies to add more protection against family financial risks.

4. Health care: Organize health examination sessions for employees and managers. The headquarters building has a fitness center for employees to exercise and host entertainment events. Health, art and culture forum events are also held from time to time. The technology building in Neihu offers professional massage services.
5. Other benefits: Scholarship and stipends for employees and their children, and there are also sponsorship payments for birthday, gifts for the national festival holidays such as Dragon Boat, Mid-Autumn and Lunar New Year, weddings, funerals, hospital stays, emergency relief and club activities

5-6. Important contracts

Contract type	The party	Commencement dates Expiration dates	Main businesses	Restrictive clauses
Operation and technical cooperation contracts for private security and other businesses	Taiwan Secom Co., Ltd. (Party A) Japan Secom Co., Ltd. (Party B)	2018.4.14 ~ 2023.4.13	(1)Provide partners with various disaster prevention, anti-theft, fire prevention equipment and technical information on safety systems, so that the planning and installation of safety systems can be carried out quickly and effectively. (2)Signing of various rules concerning intellectual property rights. (3) Apply the knowledge of security business management and security system operations provided by technicians to make the operation management more reasonable and efficient, and provide customers with high-quality security system services. (4) Provide sales promotion methods and professional knowledge on quotation of security system rental to effectively extend the sales network and increase profitability of sales. (5) Provide a variety of management manuals, and the technical personnel are dispatched to assist in guidance, advice, lectures, training, etc., to greatly enhance the professional knowledge and skills of the partners' technicians. During the cooperation period, there will be one instructor stationed in the partner's company. In addition, several technicians are dispatched to Taiwan several times a year to provide consultation.	(1) Party A may grant the re-enforcement right of the intellectual property rights to a third party within its “region.” Without Party B's prior written consent, the right to enforce promised in the contract shall not be granted to any third party. (2) The intellectual property rights of various signed agreements shall not be used outside the region.

Note: “Region” refers to the region under the jurisdiction of the ROC government.

VI. Financial Highlights

6-1. Condensed balance sheet and income statement and accountants' auditing recommendations for the past five years

6-1-1. Condensed standalone balance sheet

Unit: NT$ thousand

Items \ Year		Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Current assets		2,272,740	1,990,918	2,408,678	2,323,049	2,375,812
Property, plants, and equipment		4,966,761	5,185,551	5,023,609	4,856,574	4,782,198
Intangible assets		75,087	80,967	73,197	64,428	69,251
Other assets		9,914,329	10,519,284	10,643,723	11,282,251	11,873,444
Total assets		17,228,917	17,776,720	18,149,207	18,526,302	19,100,705
Current liabilities	Before distribution	5,009,662	4,717,344	5,576,402	5,626,375	4,023,461
	After distribution	6,588,852	6,522,132	7,381,190	7,431,163	-
Non-current liabilities		2,682,980	2,937,228	2,253,384	2,160,711	3,837,676
Total liabilities	Before distribution	7,692,642	7,654,572	7,829,786	7,787,086	7,861,137
	After distribution	9,271,832	9,459,360	9,634,574	9,591,874	-
Share capital		4,511,971	4,511,971	4,511,971	4,511,971	4,511,971
Capital surplus		853,577	691,334	724,912	763,317	813,963
Retained earnings	Before distribution	4,524,298	5,338,810	5,541,725	5,810,983	6,302,407
	After distribution	2,945,108	3,534,022	3,736,937	4,006,195	-
Other equities		(65,182)	(131,578)	(170,798)	(58,666)	(100,384)
Treasury stock		(288,389)	(288,389)	(288,389)	(288,389)	(288,389)
Total equity	Before distribution	9,536,275	10,122,148	10,319,421	10,739,216	11,239,568
	After distribution	7,957,085	8,317,360	8,514,633	8,934,428	-

6-1-2. Condensed consolidated balance sheet

Unit: NT$ thousand

Items / Year		Financial Summary for The Last Five Years				
		2016	2017	2018	2019	2020
Current assets		7,290,996	7,814,033	7,766,130	8,847,137	8,894,062
Property, plants, and equipment		7,200,646	7,222,354	7,016,933	6,761,760	7,067,044
Intangible assets		481,148	486,496	430,940	419,227	384,104
Other assets		5,269,719	5,400,795	5,674,176	6,470,529	6,824,217
Total assets		20,242,509	20,923,678	20,888,179	22,498,653	23,169,427
Current liabilities	Before distribution	7,245,663	7,115,819	7,480,454	8,570,169	6,717,858
	After distribution	8,824,853	8,920,607	9,285,242	10,374,957	-
Non-current liabilities		3,062,612	3,253,545	2,606,987	2,744,360	4,752,957
Total liabilities	Before distribution	10,308,275	10,369,364	10,087,441	11,314,529	11,470,815
	After distribution	11,887,465	12,174,152	11,892,229	13,119,317	-
Equity attributable to owners of parent company		9,536,275	10,122,148	10,319,421	10,739,216	11,239,568
Share capital		4,511,971	4,511,971	4,511,971	4,511,971	4,511,971
Capital surplus		853,577	691,334	724,912	763,317	813,963
Retained earnings	Before distribution	4,524,298	5,338,810	5,541,725	5,810,983	6,302,407
	After distribution	2,945,108	3,534,022	3,736,937	4,006,195	-
Other equities		(65,182)	(131,578)	(170,798)	(58,666)	(100,384)
Treasury stock		(288,389)	(288,389)	(288,389)	(288,389)	(288,389)
Non-controlling interests		397,959	432,166	481,317	444,908	459,044
Total equity	Before distribution	9,934,234	10,554,314	10,800,738	11,184,124	11,698,612
	After distribution	8,355,044	8,749,526	8,995,950	9,379,336	-

6-1-3. Condensed standalone income statement

Unit: NT$ thousand

Items \ Year	Financial Summary for The Last Five Years				
	2016	2017	2018	2019	2020
Operating revenue	6,893,000	6,989,637	6,909,346	6,990,449	7,008,878
Gross profit	3,548,202	3,477,559	3,425,157	3,439,876	3,438,149
Net operating income	1,662,230	1,526,990	1,570,095	1,587,574	1,620,889
Non-operating revenues and expenses	(862,010)	890,647	743,937	847,724	1,093,282
Net profit before tax	800,220	2,417,637	2,314,032	2,435,298	2,714,171
Net profit or loss from continuing operation	615,314	2,205,567	2,046,828	2,136,561	2,388,900
Profit or loss from discontinued operation	-	-	-	-	-
Current period net profit	615,314	2,205,567	2,046,828	2,136,561	2,388,900
Other comprehensive income (net, after tax)	(10,510)	(103,860)	(64,768)	49,617	(134,406)
Total consolidated income for the period	604,804	2,101,707	1,982,060	2,186,178	2,254,494
Earnings per share (NT$)	1.40	5.00	4.64	4.85	5.42

6-1-4. Condensed consolidated income statement

Unit: NT$ thousand

Items \ Year	Financial Summary for The Last Five Years				
	2016	2017	2018	2019	2020
Operating revenue	13,480,185	13,054,756	13,393,619	13,411,677	13,706,365
Gross profit	4,981,808	4,648,251	4,907,043	4,892,670	5,009,075
Net operating income	2,628,529	2,221,926	2,560,635	2,533,016	2,639,996
Non-operating revenues and expenses	(1,595,422)	399,980	(15,860)	145,802	344,962
Net profit before tax	1,033,107	2,621,906	2,544,775	2,678,818	2,984,958
Net income from continuing operations	643,064	2,234,540	2,099,135	2,176,779	2,437,228
Net loss from discounting operations	-	-	-	-	-
Current period net profit	643,064	2,234,540	2,099,135	2,176,779	2,437,228
Other comprehensive income (net, after tax)	(17,778)	(110,803)	(64,144)	53,821	(134,479)
Total consolidated income for the period	625,286	2,123,737	2,034,991	2,230,600	2,302,749
Net income attributes to shareholders of the Parent	615,314	2,205,567	2,046,828	2,136,561	2,388,900
Net profit attributable to non-controlling interests	27,750	28,973	52,307	40,218	48,328
Total comprehensive income attributable to owners of parent company	604,804	2,101,707	1,982,060	2,186,178	2,254,494
Comprehensive income attributed to non-controlling interests	20,482	22,030	52,931	44,422	48,255
Earnings per share (NT$)	1.40	5.00	4.64	4.85	5.42

6-1-5. Names and opinions of auditors for the past five years:

Year	Accounting firm	Accountant	Opinion
2016	Ernst & Young, Taiwan	Chien-Ju Yu, Hsin-Min Hsu	Unqualified opinion.
2017	Ernst & Young, Taiwan	Chien-Ju Yu, Hsin-Min Hsu	Unqualified opinion.
2018	Ernst & Young, Taiwan	Chien-Ju Yu, Hsin-Min Hsu	Unqualified opinion.
2019	Ernst & Young, Taiwan	Chien-Ju Yu, Hsin-Min Hsu	Unqualified opinion.
2020	Ernst & Young, Taiwan	Chien-Ju Yu, Hsin-Min Hsu	Unqualified opinion.

Note: Accountants were replaced in order to cooperate with the internal scheduling coordination of the accounting firm.

6-2. Five-year Financial Analysis

6-2-1. Financial analysis - Standalone financial reports

Year / Analysis item		Financial Information for the Most Recent Five Years				
		2016	2017	2018	2019	2020
Financial position (%)	Total liabilities to total assets	44.65	43.06	43.14	42.03	41.16
	Long-term capital to PP&E	246.02	251.84	250.27	265.62	315.28
Debt-paying ability (%)	Current ratio	45.37	43.09	43.19	41.29	59.05
	Quick ratio	38.74	35.55	35.89	34.33	46.94
	Interest protection multiples	35.44	96.42	86.84	96.35	116.38
Operating performance	Accounts receivable turnover (times)	8.60	9.09	9.21	9.03	8.72
	Average collection days	42	40	40	40	42
	Inventory turnover (times)	4.77	4.66	4.72	4.84	3.58
	Average inventory turnover days	77	78	77	75	102
	Accounts payable turnover (times)	7.50	6.27	6.00	7.21	8.38
	Property, plant and equipment turnover (times)	1.38	1.38	1.35	1.42	1.45
	Total Assets Turnover (times)	0.40	0.40	0.38	0.38	0.37
Return on investment analysis	Return on assets (%)	3.68	12.72	11.52	11.76	12.80
	Return on equity (%)	6.09	22.44	20.03	20.29	21.74
	Pre-tax profit to paid-in capital (%)	17.74	53.58	51.29	53.97	60.15
	Net income to sale (%)	8.93	31.55	29.62	30.56	34.08
	Earnings per share (NT$)	1.40	5.00	4.64	4.85	5.42
Cash Flow Analysis	Cash flow ratio (%)	46.92	49.98	40.46	36.06	54.17
	Cash flow adequacy (%)	68.39	69.12	71.82	71.75	77.08
	Cash flow reinvestment ratio (%)	3.10	4.11	2.45	1.20	1.80
Leverage	Operating leverage	1.54	1.61	1.60	1.66	1.66
	Financial leverage	1.01	1.02	1.02	1.02	1.01

Reasons for changes in various financial ratios in the last two years:

1.The change in “Current Ratio” compared with the previous year was 43.01%. This is mainly due to the decrease in current liability for the current year.

2.The change in “Quick Ratio” compared with the previous year was 36.73%. This is mainly due to the decrease in current liability for the current year.

3. The change in “Times interest earned” compared with the previous year was 20.79%. This is mainly due to the increase in net profit for the current year.

4. The change in “Average inventory turnover” compared with the previous year was 26.03%. This is mainly due to the increase in average turnover for the current year.

5. The change in “Average inventory turnover days” compared with the previous year was 36.00%. This is mainly due to the decrease in average inventory turnover for the current year.

6. The change in “Cash flow ratio” compared with the previous year was 50.22%. This is mainly due to the decrease in current liability for the current year.

7. The change in “Cash reinvestment ratio” compared with the previous year was 50.00%. This is mainly due to the decrease in current liability for the current year.

6-2-2. Financial analysis - Consolidated financial reports

Year / Analysis item		Financial Information for the Most Recent Five Years				
		2016	2017	2018	2019	2020
Financial position (%)	Total liabilities to total assets	50.92	49.56	48.29	50.29	49.51
	Long-term capital to PP&E	180.50	191.18	191.08	205.99	232.79
Debt-paying ability (%)	Current ratio	100.63	109.81	103.82	103.23	132.39
	Quick ratio	90.79	98.08	92.66	94.07	115.62
	Interest protection multiples	29.32	72.08	70.56	67.43	75.02
Operating performance	Accounts receivable turnover (times)	9.74	10.23	11.12	11.41	11.62
	Average collection days	38	36	33	32	32
	Inventory turnover (times)	3.87	4.29	4.43	4.74	5.08
	Average inventory turnover days	95	86	83	78	72
	Accounts payable turnover (times)	11.64	9.61	9.52	11.04	12.90
	Property, plant and equipment turnover (times)	1.91	1.81	1.88	1.95	1.98
	Total Assets Turnover (times)	0.67	0.63	0.64	0.62	0.60
Return on investment analysis	Return on assets (%)	3.32	11.00	10.19	10.19	10.81
	Return on equity (%)	6.11	21.81	19.66	19.80	21.30
	Pre-tax profit to paid-in capital (%)	22.90	58.11	56.40	59.37	66.16
	Net income to sale (%)	4.77	17.12	15.67	16.23	17.78
	Earnings per share (NT$)	1.40	5.00	4.64	4.85	5.42
Cash Flow Analysis	Cash flow ratio (%)	49.51	47.97	37.86	36.23	51.89
	Cash flow adequacy (%)	96.63	95.17	107.13	101.04	104.71
	Cash flow reinvestment ratio (%)	8.61	8.41	4.79	6.01	7.16
Leverage	Operating leverage	1.45	1.55	1.47	1.57	1.56
	Financial leverage	1.01	1.02	1.01	1.02	1.02

Reasons for changes in various financial ratios in the last two years:

1. The change in “Current ratio” compared with the previous year was 28.25%. This is mainly due to the decrease in current liability for the current year.
2. The change in “Quick Ratio” compared with the previous year was 22.91%. This is mainly due to the decrease in current liability for the current year.
3. The change in “Cash flow ratio” compared with the previous year was 43.22%. This is mainly due to the decrease in current liability for the current year.

Note: Formulas are shown as follows:

1. Financial structure

   (1) Debt-to-asset ratio = Total liabilities / Total assets

   (2) Long-term fund to property, plant and equipment ratio = (Shareholders' equity + non-current liabilities) / Net property, plant and equipment

2. Liquidity analysis

   (1) Current ratio = Current Assets / Current liability

   (2) Quick ratio = (Current assets - Inventory - Prepaid expenses) / Current liability

   (3) Times interest earned = Earnings before interest and taxes / Interest expenses

3. Operating performance

   (1) Account receivable (including account receivable and notes receivable from operation) turnover = Net sales / the average balance of account receivable (including account receivable and notes receivable from operation)

   (2) Average collection days = 365 / Receivable turnover ratio

   (3) Inventory turnover = Cost of goods sold / Average inventory

   (4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / the balance of average payables of different periods (including accounts payables and notes payable due to business operation)

   (5) Average inventory turnover days = 365 / Inventory turnover

   (6) Property, plant and equipment turnover = Net sales / Net average property, plant and equipment

   (7) Total assets turnover = Net sales / Average total assets

4. Profitability analysis

   (1) ROA = [PAT + Interest expense × (1 - Interest rate)] / Average total assets

   (2) ROE = PAT / Average net equity

   (3) Net profit margin = PAT / Net sales

   (4) Earnings Per Share = (Income attributable to owners of the parent company - Preferred shares dividends)/Weighted average number of shares issued

5. Cash flow

   (1) Cash flow ratio = Net cash flow from operating activities / Current liabilities

   (2) Cash flow adequacy ratio = Most recent 5-year cash flow from operating activities / Most recent 5-year (Capital expenditure + Increase of inventory + Cash dividend)

   (3) Cash investment ratio = (Cash flow from operating activities - cash dividend) / (Gross fixed assets + Long-term investment + Other assets + Working capital)

6. Leverage:

   (1) Operating leverage = (Net revenue - Variable cost of goods sold and operating expense) / Operating income

   (2) Financial leverage = Operating income / (Operating income - Interest expenses)

6-3. Audit Committee’s Report on Financial Statements

Audit Committee’s Report on Financial Statements

The Board of Directors has prepared the Company’s 2020 business report, financial statements (including individual and consolidated), and proposal for the distribution of surplus. The Ernst & Young Global Limited was retained to audit the Company’s Financial Statements and has issued an audit opinion. We have reviewed the aforementioned business report, financial statements, and proposal for the distribution of surplus, and have found no non-compliance hence present the audit report in accordance with relative regulations of the Securities and Exchange Act and Company Act.

Taiwan Secom Co., Ltd.

Audit Committee convener:

Tien-Wen Chen

March 19, 2021

6-4. Latest Consolidated Financial Statements of the Company Audited and Certified by CPAs

Independent Auditors' Report Transacted from Chinese

To Taiwan Secom Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Taiwan Secom Co., Ltd. (the "Company") and its subsidiaries as of December 31, 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2020 and 2019, and their consolidated financial performance and cash flows for the years ended December 31, 2020 and 2019, 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 Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Revenue recognized by the Company and its subsidiaries' amounted to NT$13,706,365 thousand for the year ended December 31, 2020, 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 renew 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Others

We have audited and expressed an unqualified opinion including an Emphasis of Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2020 and 2019.

Yu, Chien-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan
March 19, 2021

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and December 31, 2019
(Expressed in Thousands of New Taiwan Dollars)

		As of			
		December 31, 2020		December 31, 2019	
Assets	Notes	Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	$5,509,800	24	$6,315,683	28
Financial assets at fair value through profit or loss, current	4 and 6	1,108	-	6,295	-
Financial assets at fair value through other comprehensive income, current	4 and 6	246,822	1	28,050	-
Financial assets measured at amortized cost, current	4 and 6	392,528	2	208,578	1
Contract assets, current	4 and 6	120,316	-	122,204	-
Notes receivable, net	4 and 6	224,045	1	187,506	1
Accounts receivable, net	4 and 6	826,865	3	736,475	3
Accounts receivable from related parties, net	4, 6 and 7	149,659	1	162,428	1
Operating lease receivables	4 and 6	52,161	-	55,602	-
Finance lease receivables	4 and 6	60,976	-	48,465	-
Inventories, net	4 and 6	476,508	2	350,821	2
Prepayments		650,154	3	434,700	2
Other current assets		183,120	1	190,330	1
Total current assets		8,894,062	38	8,847,137	39
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4 and 6	142,692	1	381,307	2
Financial assets measured at amortized cost, non-current	4 and 6	70,884	-	112,406	1
Investments accounted for under the equity method	4 and 6	3,612,097	16	3,345,514	15
Property, plant and equipment	4, 6, 7 and 8	7,067,044	31	6,761,760	30
Right-of-use assets	4 and 6	818,900	4	538,484	2
Investment property	4 and 6	39,166	-	63,125	-
Intangible assets	4 and 6	384,104	2	419,227	2
Deferred tax assets	4 and 6	435,195	2	415,212	2
Prepayment for equipment	7	1,034,601	4	1,034,383	5
Refundable deposits	7	371,114	2	288,342	1
Long-term receivables	6	40,541	-	48,451	-
Long-term lease receivables	4 and 6	157,365	-	133,990	1
Other assets, non-current	6 and 8	101,662	-	109,315	-
Total non-current assets		14,275,365	62	13,651,516	61
Total assets		$23,169,427	100	$22,498,653	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and December 31, 2019
(Expressed in Thousands of New Taiwan Dollars)

		As of			
		December 31, 2020		December 31, 2019	
Liabilities and Equity	Notes	Amount	%	Amount	%
Current liabilities					
Short-term loans	4, 6 and 8	$1,600,000	7	$3,770,000	17
Short-term bills payable	6	150,000	1	350,000	1
Contract liabilities, current	4 and 6	1,283,052	6	1,287,933	6
Notes payable		189,675	1	216,584	1
Accounts payable		452,733	2	460,753	2
Accounts payable to related parties	7	13,132	-	15,213	-
Other payables	6 and 7	2,182,835	9	1,706,713	8
Current tax liabilities	4 and 6	303,807	1	260,060	1
Lease liabilities	6	285,402	1	185,626	1
Lease liabilities to related parties	6 and 7	18,414	-	15,877	
Current portion of long-term loans	4, 6 and 8	130,850	1	184,000	1
Other current liabilities	4 and 6	107,958	-	117,410	-
Total current liabilities		6,717,858	29	8,570,169	38
Non-current liabilities					
Contract Liabilities, non-current	6	30,432	-	-	-
Long-term loans	4, 6 and 8	1,885,150	8	166,000	1
Provisions, non-current	4	7,200	-	7,200	-
Lease liabilities	6	488,819	2	310,534	1
Lease liabilities to related parties	6 and 7	27,142	-	27,090	-
Long-term payables	6	29,972	1	-	-
Net defined benefit liabilities, non-current	4 and 6	1,624,138	7	1,580,847	7
Guarantee deposits	6	660,104	3	652,689	3
Total non-current liabilities		4,752,957	21	2,744,360	12
Total liabilities		11,470,815	50	11,314,529	50
Equity attributable to the parent					
Capital					
Common stock	6	4,511,971	19	4,511,971	20
Additional paid-in capital	6	813,963	3	763,317	3
Retained earnings					
Legal reserve	6	3,741,171	16	3,527,515	16
Special reserve		58,666	-	170,798	1
Unappropriated earnings		2,502,570	11	2,112,670	9
Other components of equity	4 and 6	(100,384)	-	(58,666)	-
Treasury stock	4, 6 and 8	(288,389)	(1)	(288,389)	(1)
Non-controlling interests	6	459,044	2	444,908	2
Total equity		11,698,612	50	11,184,124	50
Total liabilities and equity		$23,169,427	100	$22,498,653	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2020		2019	
		Amount	%	Amount	%
Operating revenue	4, 6 and 7	$13,750,813	100	$13,449,785	100
Less : Sales returns and allowances	6	(44,448)	-	(38,108)	-
Net revenue		13,706,365	100	13,411,677	100
Operating costs	6 and 7	(8,697,290)	(63)	(8,519,007)	(63)
Gross profit		5,009,075	37	4,892,670	37
Operating expenses	6 and 7				
Sales and marketing expenses		(754,027)	(6)	(764,063)	(6)
General and administrative expenses		(1,498,269)	(11)	(1,481,595)	(11)
Research and development expenses		(111,575)	(1)	(101,712)	(1)
Expected credit losses		(5,208)	-	(12,284)	-
Subtotal		(2,369,079)	(18)	(2,359,654)	(18)
Operating income		2,639,996	19	2,533,016	19
Non-operating income and loss					
Interest Income	6	17,577	-	21,996	-
Other income	6	14,482	-	19,724	-
Other gains and losses	6	(1,258)	-	(16,471)	-
Finance costs	6	(40,325)	-	(40,323)	-
Share of profit or loss of associates accounted for using the equity method		354,486	3	160,876	1
Subtotal		344,962	3	145,802	1
Income before income tax		2,984,958	22	2,678,818	20
Income tax expenses	4 and 6	(547,730)	(4)	(502,039)	(4)
Net income		2,437,228	18	2,176,779	16
Other comprehensive income	6				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		(114,100)	(1)	(102,987)	(1)
Unrealized gains on financial assets at fair value through other comprehensive income		(45,846)	-	105,817	1
Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss		8,972	-	43,722	-
Income tax related to items that will not be reclassified		16,229	-	8,755	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		10,653	-	5,899	-
Unrealized loss on available-for-sale financial assets			-		-
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss		(10,387)	-	(7,385)	-
Total other comprehensive (loss) income, net of tax		(134,479)	(1)	53,821	-
Total comprehensive income		$2,302,749	17	$2,230,600	16
Net income attributable to:					
Shareholders of the parent		$2,388,900		$2,136,561	
Non-controlling interests	6	48,328		40,218	
Comprehensive income attributable to:					
Shareholders of the parent		$2,254,494		$2,186,178	
Non-controlling interests	6	48,255		44,422	
Earnings per share (NT$)	6				
Basic earnings per share		$5.42		$4.85	
Diluted earnings per share		$5.41		$4.84	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2020 and 2019

(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 income**	**Treasury Stock**	**Total**	**Non-Controlling Interests**	**Total Equity**
Balance as of January 1, 2019	$4,511,971	$724,912	$3,322,832	$131,578	$2,087,315	$(98,853)	$(71,945)	$(288,389)	$10,319,421	$481,317	$10,800,738
Appropriations and distributions of 2018 unappropriated earnings											
Legal reserve	-	-	204,683	-	(204,683)	-	-	-	-	-	-
Special reserve	-	-	-	39,220	(39,220)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,804,788)	-	-	-	(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	-	(568)	-	-	-	-	-	-	(568)	2,723	2,155
Net income in 2019	-	-	-	-	2,136,561	-	-	-	2,136,561	40,218	2,176,779
Other comprehensive (loss) income, net of tax in 2019	-	-	-	-	(87,783)	(3,804)	141,204	-	49,617	4,204	53,821
Total comprehensive income	-	-	-	-	2,048,778	(3,804)	141,204	-	2,186,178	44,422	2,230,600
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	25,268	-	(25,268)	-	-	728	728
Parent company's cash dividends received by subsidiaries	-	38,973	-	-	-	-	-	-	38,973	-	38,973
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(84,282)	(84,282)
Balance as of December 31, 2019	$4,511,971	$763,317	$3,527,515	$170,798	$2,112,670	$(102,657)	$43,991	$(288,389)	$10,739,216	$444,908	$11,184,124
Balance as of January 1, 2020	$4,511,971	$763,317	$3,527,515	$170,798	$2,112,670	$(102,657)	$43,991	$(288,389)	$10,739,216	$444,908	$11,184,124
Appropriations and distributions of 2019 unappropriated earnings											
Legal reserve	-	-	213,656	-	(213,656)	-	-	-	-	-	-
Special reserve	-	-		(112,132)	112,132	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,804,788)	-	-	-	(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	-	11,660	-	-	-	-	-	-	11,660	21	11,681
Net income in 2020	-	-	-	-	2,388,900	-	-	-	2,388,900	48,328	2,437,228
Other comprehensive (loss) income, net of tax in 2020	-	-	-	-	(97,430)	(1,940)	(35,036)	-	(134,406)	(73)	(134,479)
Total comprehensive income	-	-	-	-	2,291,470	(1,940)	(35,036)	-	2,254,494	48,255	2,302,749
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	4,742	-	(4,742)	-	-		-
Parent company's cash dividends received by subsidiaries	-	38,986	-	-	-	-	-	-	38,986	-	38,986
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(34,140)	(34,140)
Balance as of December 31, 2020	$4,511,971	$813,963	$3,741,171	$58,666	$2,502,570	$(104,597)	$4,213	$(288,389)	$11,239,568	$459,044	$11,698,612

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Description	2020	2019
Cash flows from operating activities:		
Profit before tax from continuing operations	$2,984,958	$2,678,818
Net income before tax	2,984,958	2,678,818
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Expected credit losses	5,208	12,284
Depreciation	1,420,890	1,379,680
Amortization	57,993	60,072
Interest expense	40,325	40,323
Interest income	(17,577)	(21,996)
Dividend income	(5,456)	(10,174)
Gain of financial assets at fair value through profit or loss	(412)	(171)
(Gain) loss on disposal of investments	3,034	(1,419)
Loss on disposal of property, plant and equipment	5,806	17,372
Loss on disposal of investment property	(33,155)	-
Loss on disposal of intangible assets	-	133
Share of profit or loss of associates accounted for using the equity method	(354,486)	(160,876)
Impairment loss	45,381	-
Loss on lease modification	(1,933)	582
Changes in operating assets and liabilities:		
Contract assets	1,888	(11,489)
Notes receivable, net	(37,963)	45,917
Accounts receivable, net	(101,992)	1,837
Accounts receivable from related parties, net	12,681	62,730
Inventories, net	(222,715)	(138,161)
Prepayments	(231,570)	94,788
Other current assets	17,250	(21,955)
Operating lease receivables	3,441	(55,602)
Finance lease receivables	(35,886)	(21,473)
Long-term receivables	7,910	(6,092)
Contract liabilities	25,571	(1,748)
Notes payable	(26,909)	(85,378)
Accounts payable	21,952	(64,746)
Accounts payable to related parties	(2,081)	(11,135)
Other payables	492,365	152,602
Other current liabilities	3,490	(155,937)
Provisions	-	(121)
Net defined liabilities, non-current	(67,806)	(101,288)
Cash generated from operations	4,010,202	3,677,377
Interest received	18,555	21,204
Interest paid	(29,960)	(32,072)
Income tax paid	(513,216)	(561,501)
Net cash provided by operating activities	3,485,581	3,105,008
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(97,376)	(185,137)
Proceeds from disposal of financial assets at fair value through other comprehensive income	56,630	508,223
Capital deducted by cash of financial assets at fair value through other comprehensive income	22,838	21,714
Acquisition of financial assets measured at amortized cost	(606,125)	(650,579)
Proceeds from disposal of financial assets measured at amortized cost	463,697	632,613
Proceeds from disposal of financial assets designated at fair value through profit or loss	5,599	-
Acquisition of investments accounted for using the equity method	(296,878)	-
Proceeds from disposal of investments at equity method	29,873	79,210
Capital deducted by cash of investments accounted for using the equity method	291,092	-
Acquisition of property, plant and equipment	(1,366,262)	(846,143)
Proceeds from disposal of property, plant and equipment	17,938	38,598
Proceeds from disposal of investment property	56,622	-
Acquisition of intangible assets	(68,251)	(48,492)
Increase in prepayment for equipment	(219)	(245,082)
(Increase) decrease in refundable deposits	(82,772)	61,864
Decrease in other assets	74,220	31,145
Dividends received	72,390	65,259
Proceeds from disposal of subsidiaries	(290)	-
Net cash used in investing activities	(1,427,274)	(536,807)
Cash flows from financing activities:		
(Decrease) increase in short-term loans	(2,170,000)	1,220,000
(Decrease) increase in short-term bills payable	(200,000)	350,000
Increase (decrease) in long-term loans	1,666,000	(684,000)
Cash payments for the principal portion of lease liability	(327,677)	(283,618)
Increase in guarantee deposits	7,415	8,323
Cash dividends paid	(1,804,788)	(1,804,788)
Changes in non-controlling interests	(35,140)	(84,752)
Net cash used in financing activities	(2,864,190)	(1,278,835)
Effect of exchange rate changes on cash and cash equivalents	-	4,522
Net (decrease) increase in cash and cash equivalents	(805,883)	1,293,888
Cash and cash equivalents at beginning of year	6,315,683	5,021,795
Cash and cash equivalents at end of year	$5,509,800	$6,315,683

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019
(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.

The Company changed the Chinese name and was approved by Taipei City Government on July 23, 2019.

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

The consolidated financial statements of the Company and subsidiaries (“the Group”) for the years ended December 31, 2020 and 2019 were authorized for issue by the Board of Directors on March 19, 2021.

3. Newly issued or revised standards and interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2020. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Group.

The Group elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after January 1, 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

(a) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

A. A company will not have to derecognize or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2021 have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022
e	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023

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

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

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

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

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.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

(d) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

(e) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(f) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

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

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2020 and 2019 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 consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statements

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

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

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

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

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

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

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

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

If the Company loses control of a subsidiary, it:

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

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Name of the investors	Name of subsidiaries	Nature of Business	December 31, 2020	December 31, 2019
The Company	Speed Investment Co., Ltd.	Investment holding	100.00%	100.00%
The Company	Goyun Security Co., Ltd.	Security services providing	100.00%	100.00%
The Company	Lee Bao Security Co., Ltd.	Security services providing	100.00%	100.00%
The Company	Chung Hsing E-Guard Co., Ltd.	Sales of electric, telecommunications and fireproof products	100.00%	100.00%
The Company	Goldsun Express & Logistics Co., Ltd.	Air cargo transporting services	100.00%	100.00%
The Company	Aion Technologies Inc.	Technology support services	73.75%	73.75%
The Company, Speed Investment Co., Ltd., Kuohsing Security Co., Ltd., Lee Way Electronics Co., Ltd. and Titan Star	TransAsia Catering Service Ltd.	Production and sales of instant foods and in-flight catering	91.82%	91.82%

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%) December 31, 2020	December 31, 2019
International Co., Ltd.				
The Company, Goyun Security Co., Ltd., and Kuohsing Security Co., Ltd.	Goyun Building Management Services Co., Ltd.	Building management services providing	100.00%	100.00%
The Company, Speed Investment Co., Ltd., and Kuohsing Security Co., Ltd.	Lee Way Electronics Co., Ltd.	Police-Citizen connection and AED rental services	90.24%	90.24%
The Company and Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	Video Sales and rental services	100.00%	100.00%
The Company and Goyun Building Management Services Co., Ltd.	Kuohsing Security Co., Ltd.	Corporate security guarding services	85.22%	85.22%
The Company and Speed Investment Co., Ltd.	Zhong Bao Insurance Broker Inc.	Insurance broker	70.00%	70.00%
The Company, Speed Investment Co., Ltd and Titan Star International Co., Ltd.	Taiwan Video System Co., Ltd.	Sales and manufacture of digital signage and monitors (Note 1)	85.48%	85.48%
The Company, Speed Investment Co., Ltd. and Titan Star International Co., Ltd.	SIGMU D.P.T. Company Ltd.	Wholesale and installation of fire safety equipment (Note 2)	83.51%	71.42%
Lee Bao Security Co., Ltd.	Lee Bao Technology Co., Ltd.	Automated Teller Machine (ATM) services	100.00%	100.00%
Lee Way Electronics Co., Ltd.	Lee Yuan Biomedical Co., Ltd.	Medical equipment and AED rental services	100.00%	100.00%
Speed Investment Co., Ltd.	Titan Star International Co., Ltd.	Manufacturing, selling and processing of security-related equipment and parts	100.00%	100.00%
Speed Investment Co., Ltd.	SVS Corporation	Vehicles maintenance services	100.00%	100.00%
Speed Investment Co., Ltd. and Titan Star International Co., Ltd.	Comlink Fire Systems Inc.	Wholesale of fire safety equipment	100.00%	100.00%
Speed Investment Co., Ltd.	Jiansheng International Co., Ltd.	Retail of medical equipment	100.00%	100.00%
Speed Investment Co., Ltd. and Goyun Security Co., Ltd.	Babyboss Co., Ltd.	Educational and recreational services	88.47%	88.47%
Speed Investment Co., Ltd. and Goyun Security Co., Ltd.	CHOPPA Tech Co., Ltd.	POS system for retail (Note 3)	64.30%	64.30%
Speed Investment Co., Ltd and CHOPPA Tech Co., Ltd.	Livingplus Food and Beverage Co. Ltd. (2019: Zhan Good Team Inc.)	Catering services (Note 4)	96.25%	96.25%
Goldsun Express & Logistics Co., Ltd.	Goldsun Express Ltd.	The custom broker services	100.00%	100.00%
Kuohsing Security Co., Ltd.	Chung Po Rental Co., Ltd.	Mini-Storage rental services (Note 5)	100.00%	100.00%
Goyun Security Co., Ltd.	Guoyun Technology Co., Ltd.	Car parking lot services	100.00%	100.00%
Goyun Building Management Services Co., Ltd.	Gowin Security Co., Ltd.	Buildings' security guarding services	100.00%	100.00%

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%) December 31, 2020	December 31, 2019
Goyun Building Management Services Co., Ltd.	Goyun Parking Co., Ltd.	Car parking lot services (Note 6)	100.00%	100.00%
Aion Technologies Inc.	Peregrine Soleil Asset Holdings Limited	Investment holding (Note 7)	-	100.00%
Speed Investment Co., Ltd., Aion Technologies Inc. and Titan Star International Co., Ltd.	Brightron Technology and Engineering Corporation (2019: LITENET Corporation)	Light controlling system services (Note 8)	93.87%	93.87%
Peregrine Soleil Asset Holdings Limited	GC&C Holdings Limited	Investment holding (Note 9)	-	100.00%
Taiwan Video System Co., Ltd.	TVS Germany GmbH	Sales of digital signage, monitors, and etc. (Note 10)	-	100.00%
Speed Investment Co., Ltd	Sunseap Solutions Taiwan Limited	Energy-saving solutions technology	51.00%	51.00%
Speed Investment Co., Ltd. and Aion Technologies Inc.	Epic Tech Taiwan Inc.	Property Management Platform (Note 11)	97.50%	-
Speed Investment Co., Ltd	Sphinx Foods Company Limited	Food manufacturing (Note 12)	100.00%	-

Note 1: Taiwan Video System Co., Ltd.'s dissolution is resolved by the Extraordinary Shareholder's meeting on October 28, 2020 and set the dissolution base date on October 29, 2020. The dissolution was approved by the Taipei City Government on November 6, 2020, and the approved document number is No.10955959300.

Note 2: Speed Investment Co., Ltd. acquired 372,721 shares of SIGMU D.P.T. Company Ltd. from its non-controlling interest shareholders amounted to NT$8,975 thousand in 2020. The percentage of ownership was increased by 12.09%.

Note 3: Approved by Taipei City Government on April 9, 2020, CHOPPA Tech Co., Ltd. change its Chinese name.

Note 4: Approved by Taipei City Government on September 6, 2019, the name of Zhan Food Team Inc. was changed to Living Plus Food & Beverage Co., Ltd.

Note 5: Approved by New Taipei City Government on August 4, 2020, Chung Po Rental change its Chinese name.

Note 6: Approved by Taipei City Government on August 26, 2020, Goyun Parking Co., Ltd. change its Chinese name.

Note 7: Peregrine Soleil Asset Holdings Limited have been dissolved in March 2020.

Note 8: Approved by Taipei City Government on December 10, 2019, the name of LITENENT Corporation was changed to Brightron Technology and Engineering Corporation.

Note 9: GC&C Holdings Limited has been dissolved in February 2020.

Note 10: TVS Germany GmbH has been dissolved in August 2020.

Note 11: Speed Investment Co., Ltd. and Aion Technologies Inc. have established the Epic Tech Taiwan Inc. in April 2020. The issued capital was amounted to NT$10,000 thousand. In July 2020, 100 thousand shares were transferred to employees, and the percentage of ownership was decreased to 90%. In December 2020, Speed Investment Co., Ltd. and Aion Technologies Inc. have increased the capital injection in cash of Epic Tech Taiwan Inc. was amounted to NT$24,000 thousand and the percentage of ownership was increased to 97.50%.

Note 12: Sphinx Foods Company Limited established by Speed Investment Co., Ltd. in June 2020. The issued capital was amounted to NT$20,000 thousand.

(4) Foreign currency transactions

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

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

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

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

(5) Translation of financial statements in foreign currency

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

A. when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
B. when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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

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

(6) Current and non-current distinction

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

All other assets are classified as non-current.

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

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

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

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

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

a. the Group's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

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. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

<u>Financial asset measured at fair value through other comprehensive income</u>

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 Group 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 Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

Financial asset measured at fair value through profit or loss

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

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

B. Impairment of financial assets

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

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

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

The loss allowance is 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
d. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

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

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

<u>Equity instruments</u>

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

<u>Financial liabilities</u>

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

<u>Financial liabilities at fair value through profit or loss</u>

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 liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

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.

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.

(9) Fair value measurement

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

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

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

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

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

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

(10) Inventories

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

Costs incurred in bringing each inventory to its present location and 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.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

The Group's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. 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 Group'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 Group 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 Group and the associate or joint venture are eliminated to the extent of the Group'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 Group's percentage of ownership interests in the associate or joint venture, the Group 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 pro rata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group 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 Group disposes the associate or joint venture.

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group 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 Group 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 Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

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

Depreciation is calculated on a straight-line 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
Rental assets	2~6 years
Other equipment	6~20 years
Right-of-use assets/leased assets	1~15 years

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

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

(13) Investment property

The Group's owned 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, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, investment properties are measured using the cost model in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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.

The Group transfers to or from investment properties when there is a change in use for these assets.

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.

(14) Leases

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

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

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

<u>Group as a lessee</u>

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

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

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

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

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

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

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

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

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

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

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

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

Group as a lessor

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

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

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

(15) 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.

Customer relationship

The cost of customer relationship is amortized on a straight-line.

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 Group's intangible assets is as follows:

	Computer software	Customer relationship	Goodwill
Useful lives	Finite	Finite	Indefinite
Amortization method used	Amortized on a straight- line basis over the estimated useful life	Amortized on a straight-line basis over the estimated useful life	No amortization
Internally generated or acquired	Acquired	Acquired	Acquired

(16) Impairment of non-financial assets

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

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

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

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

(17) Provisions

Provisions are recognized when the Group 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 Group 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.

<u>Provision for decommissioning, restoration and rehabilitation costs</u>

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.

(18) 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.

(19) Revenue recognition

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

<u>Sale of goods</u>

The Group 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 Group 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 Group 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 Group’s sale of goods is from 15 to 120 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the

Group has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Group measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

<u>Rendering of services</u>

A. The Group provides system security services, corporate security guarding services, and cash deliver services. Services fee 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 Group, part of the consideration was received from customers upon signing the contract, and the Group has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities. However, part of the contractual considerations of the Group are collected evenly throughout the contract periods. When the Group 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 Group provide customized security system services based on customers' needs. The Group have the right to execute the considerations from the service when service 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 Group exceed the customers' payment, the contract assets are recognized. However, if the customers' payments exceed the services provided by the Group. Contract liabilities should be recognized accordingly.

The warranty provided by the Group is based on the assurance that the goods provided will operate as expected by the customer and is handled in accordance with IAS 37.

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

(20) 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.

(21) Post-employment benefits

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

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The 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 Group recognizes restructuring-related costs

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

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

Deferred 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 Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

(22) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 Financial Instruments either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. Significant Accounting Judgments, Estimates and Assumptions

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

(1) Judgment

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

A. Investment properties

Certain properties of the Group 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 Group 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-Group as the lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group 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.

C. Significant influence of affiliated enterprises

The Group holds less than 20% voting rights in some certain affiliated enterprises. However, after taking into consideration that the Group has the representation on the board of directors or equivalent governing body of the investee and other factors over certain affiliated enterprises. The Group has significant influence.

(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 Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

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 Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group 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 Group as of December 31, 2020.

E. Accounts receivables–estimation of impairment loss

The Group 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.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31, 2020	As of December 31, 2019
Petty cash	$11,223	$11,264
Cash on hand for cash delivery service	1,452,710	1,067,720
Checking and saving accounts	2,640,372	3,897,678
Time deposits	14,583	44,570
Cash equivalents	1,390,912	1,294,451
Total	$5,509,800	$6,315,683

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

	As of December 31, 2020	As of December 31, 2019
Financial assets designated at fair value through profit or loss:		
Fund	$1,108	$6,295
Open-end funds	-	-
Total	$1,108	$6,295
Current	$1,108	$6,295
Non-current	-	-
Total	$1,108	$6,295

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, 2020	As of December 31, 2019
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	$98,858	$69,207
Unlisted companies stocks	102,912	144,150
Real estate investment trust	187,744	196,000
Total	$389,514	$409,357
Current	$246,822	$28,050
Non-current	142,692	381,307
Total	$389,514	$409,357

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

The Group's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2020 and 2019 are NT$5,456 thousand and NT$10,174 thousand, respectively.

In consideration of the Group's investment strategy, the Group disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2020 and 2019 are as follow:

For the years ended

	December 31,	
	2020	2019
The fair value of the investments at the date of derecognition	$56,630	$508,223
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	4,742	25,268

(4) Financial assets measured at amortized cost

	As of December 31,	
	2020	2019
Time deposit	$463,412	$320,984
Less: loss allowance	-	-
Total	$463,412	$320,984
Current	$392,528	$208,578
Non-current	70,884	112,406
Total	$463,412	$320,984

The financial assets as measured at amortized cost were not pledged. Please refer to Note 6(18) for more details on loss allowance and Note 12 for more details on credit risk.

(5) Notes receivable

	As of December 31,	
	2020	2019
Notes receivable arising from operating activities	$224,045	$187,506
Less: loss allowance	-	-
Total	$224,045	$187,506

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(21) for more details on loss allowance and Note 12 for details on credit risk.

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

	As of December 31,	
	2020	2019
Accounts receivable	$858,444	$777,143
Less: loss allowance	(31,579)	(40,668)
Subtotal	826,865	736,475
Accounts receivable from related parties	149,659	162,428
Less: loss allowance	-	-
Subtotal	149,659	162,428
Operating lease receivables	52,161	55,602
Less: loss allowance	-	-
Subtotal	52,161	55,602
Long-term receivables	40,541	48,451
Less: loss allowance	-	-
Subtotal	40,541	48,451
Total	$1,069,226	$1,002,956

Accounts receivable were not pledged.

Accounts receivable are generally on 15-120 day terms. The total carrying amount as of December 31, 2020 and 2019 are NT$1,100,805 thousand and NT$1,043,624 thousand, respectively. Please refer to Note 6(21) for more details on loss allowance of accounts receivable for the years ended December 31, 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31,	
	2020	2019
Merchandise inventories	$339,920	$275,163
Finished goods	7,549	4,211
Work-in-progress	19,138	-
Raw materials	58,461	58,962
Others	51,440	12,485
Total	$476,508	$350,821

The cost of inventories recognized in expenses amounted to NT$1,522,820 thousand and NT$1,359,652 thousand for the years ended December 31, 2020 and 2019, respectively, including the write-down of inventories of NT$0 thousand for both years.

No inventories were pledged.

(8) Investments accounted for using the equity method
The following table lists the investments accounted for using the equity method of the Group:

	As of December 31,			
	2020		2019	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
Listed companies				
Goldsun Building Materials Co., Ltd.	$3,256,828	15	$2,994,407	13
TransAsia Airways Corp.	-	12	-	12
Subtotal	3,256,828		2,994,407	
Non-listed companies				
Tech Elite Holdings Ltd.	-	36	-	39
Anfeng Enterprise Co., Ltd.	13,764	30	13,706	30
Huaya Development Co., Ltd.	298,207	50	294,734	50
eSkylink Inc.	20,056	20	19,307	20
Global Food Co., Ltd.	23,242	30	23,360	30
Subtotal	355,269		351,107	
Total	$3,612,097		$3,345,514	

The Group possessed less than 20% of ownership of Goldsun Building Material Co., Ltd. However, the key management of Group is also the chairman of the board of the Goldsun Building Materials Co., Ltd. As such, the significant influence of the Group 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 Group’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 Group:

Company name: Goldsun Building Materials Co., Ltd.

Nature of the relationship with the associate: The key management of the Group 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$4,370,977 thousand and NT$2,731,756 thousand, as of December 31, 2020 and 2019, respectively.

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

The summarized financial information of the associate is as follows:

	As of December 31,	
	2020	2019
Current assets	$12,533,765	$14,905,806
Non-current assets	22,195,145	22,139,187
Current liabilities	(6,210,029)	(9,955,912)
Non-current liabilities	(7,188,505)	(5,613,214)
Equity	21,330,376	21,475,867
Non-controlling interests	(1,131,047)	(1,091,518)
Shareholders of the parent	20,199,329	20,384,349
Proportion of the Group's ownership	14,49%	13.45%
Subtotal	2,926,883	2,741,695
Goodwill	282,628	222,792
Others	47,317	29,920
Carrying amount of the investment	$3,256,828	$2,994,407

	For the years ended December 31,	
	2020	2019
Operating revenue	$18,877,800	$19,005,069
Profit or loss from continuing operations	2,550,807	1,185,961
Other comprehensive income	(199,406)	161,018
Total comprehensive income	$2,351,401	$1,346,979

The Group's investments in other companies are not individually material. The aggregate carrying amount of the Group's interests in other companies is NT$355,269 thousand and NT$351,107 thousand, as of December 31, 2020 and 2019, respectively. The aggregate financial information based on Group's share of other companies is as follows:

	For the years ended December 31,	
	2020	2019
Profit or loss from continuing operations	$12,382	$7,891
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$12,382	$7,891

The associates had no contingent liabilities or capital commitments as of December 31, 2020 and 2019.

(9) Property, plant and equipment

	As of December 31,	
	2020	2019
Owner occupied property, plant and equipment	$6,917,248	$6,631,766
Property, plant and equipment leased out under operating leases	149,796	129,994
Total	$7,067,044	$6,761,760

A. Owner occupied 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, 2020	$2,429,231	$1,446,061	$675,560	$8,709,489	$690,431	$943,906	$1,037,775	$15,932,453
Additions	299,239	88,886	24,866	672,579	57,801	111,618	78,102	1,333,091
Disposals	(3,330)	(6,278)	(118,022)	(622,872)	(45,310)	(96,527)	(60,795)	(953,134)
Other changes	-	-	(63)	20,007	(183)	-	-	19,761
As of December 31, 2020	$2,725,140	$1,528,669	$582,341	$8,779,203	$702,739	$958,997	$1,055,082	$16,332,171
As of January 1, 2019	$2,417,233	$1,431,547	$688,971	$8,601,730	$707,972	$900,571	$1,344,644	$16,092,668
Additions	11,998	20,361	30,525	574,443	44,419	100,043	51,239	833,028
Disposals	-	(5,847)	(43,936)	(533,546)	(61,960)	(56,708)	(241,356)	(943,353)
Other changes	-	-	-	66,862	-	-	(116,752)	(49,890)
As of December 31, 2019	$2,429,231	$1,446,061	$675,560	$8,709,489	$690,431	$943,906	$1,037,775	$15,932,453
Depreciation and impairment:								
As of January 1, 2020	$-	$435,632	$583,299	$6,405,495	$571,799	$556,891	$747,571	$9,300,687
Depreciation	-	34,420	31,196	762,250	46,520	79,987	89,562	1,043,935
Disposals	-	(5,210)	(117,826)	(622,505)	(41,244)	(92,859)	(49,809)	(929,453)
Other changes	-	-	(63)	-	(183)	-	-	(246)
As of December 31, 2020	$-	$464,842	$496,606	$6,545,240	$576,892	$544,019	$787,324	$9,414,923
As of January 1, 2019	$-	$410,203	$593,271	$6,191,108	$568,843	$514,346	$941,829	$9,219,600
Depreciation	-	31,276	33,501	747,276	48,054	78,868	103,978	1,042,953
Disposals	-	(5,847)	(43,473)	(532,889)	(45,098)	(36,323)	(223,920)	(887,550)
Other changes	-	-	-	-	-	-	(74,316)	(74,316)
As of December 31, 2019	$-	$435,632	$583,299	$6,405,495	$571,799	$556,891	$747,571	$9,300,687
Net carrying amount as of:								
December 31, 2020	$2,725,140	$1,063,827	$85,735	$2,233,963	$125,847	$414,978	$267,758	$6,917,248
December 31, 2019	$2,429,231	$1,010,429	$92,261	$2,303,994	$118,632	$387,015	$290,204	$6,631,766

B. Property, plant and equipment leased out under operating leases

	Other equipment
Cost:	
As of January 1, 2020	$427,174
Additions	33,171
Disposals	(28,914)
Other changes	43,656

As of December 31, 2020	$475,087
As of January 1, 2019	$397,521
Additions	13,115
Disposals	(13,455)
Other changes	29,993
As of December 31, 2019	$427,174
Depreciation and impairment:	
As of January 1, 2020	$297,180
Depreciation	56,962
Disposals	(28,851)
Other changes	-
As of December 31, 2020	$325,291
As of January 1, 2019	$253,657
Depreciation	57,487
Disposals	(13,288)
Other changes	(676)
As of December 31, 2019	$297,180
Net carrying amounts as at:	
December 31, 2020	$149,796
December 31, 2019	$129,994

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.

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

(10) Investment property

	Land	Buildings	Total
Cost:			
As of January 1, 2020	$44,813	$22,706	$67,519
Disposals	(18,803)	(5,720)	(24,523)
As of December 31, 2020	$26,010	$16,986	$42,996
As of January 1, 2019	$44,813	$22,706	$67,519
Disposals	-	-	-
As of December 31, 2019	$44,813	$22,706	$67,519
Depreciation and impairment:			
As of January 1, 2020	$-	$4,394	$4,394
Depreciation	-	492	492
Disposals	-	(1,056)	(1,056)
As of December 31, 2020	$-	$3,830	$3,830
As of January 1, 2019	$-	$3,883	$3,883
Depreciation	-	511	511
Disposals	-	-	-

As of December 31, 2019	$-	$4,394	$4,394
Net carrying amount as of:			
December 31, 2020	$26,010	$13,156	$39,166
December 31, 2019	$44,813	$18,312	$63,125

	For the years ended December 31,	
	2020	2019
Rental income from investment property	$5,414	$6,169
Less：Direct operating expense generated from rental income of investment property	(492)	(511)
Total	$4,922	$5,658

Please refer to Note 8 for more details on investment property under pledge.

The fair value of investment properties is NT$89,978 thousand and NT$141,285 thousand, as of December 31, 2020 and 2019, respectively. The fair value has been determined based on valuations performed by an independent valuer. The valuation method used is direct capitalized method, and the inputs used are discount rates and growth rates:

	As of December 31,	
	2020	2019
Capitalization Rate	1.77%-1.85%	1.67%-1.86%

(11) Intangible assets

	Goodwill	Computer software	Customer relationship	Total
Cost:				
As of January 1, 2020	$549,822	$201,495	$17,432	$768,749
Addition-acquired separately	-	68,251	-	68,251
Reach amortized life	-	(62,687)	-	(62,687)
As of December 31, 2020	$549,822	$207,059	$17,432	$774,313
As of January 1, 2019	$549,822	$223,013	$17,432	$790,267
Addition-acquired separately	-	48,492	-	48,492
Disposals of subsidiaries	-	(376)	-	(376)
Reach amortized life	-	(69,634)	-	(69,634)
As of December 31, 2019	$549,822	$201,495	$17,432	$768,749
Amortization and impairment:				
As of January 1, 2020	$215,169	$125,014	$9,339	$349,522
Amortization	-	55,503	2,490	57,993
Impairment	45,381	-	-	45,381
Reach amortized life	-	(62,687)	-	(62,687)
As of December 31, 2020	$260,550	$117,830	$11,829	$390,209
As of January 1, 2019	$215,169	$137,309	$6,849	$359,327
Amortization	-	57,582	2,490	60,072
Disposal of subsidiaries	-	(243)	-	(243)

	Goodwill	Computer software	Customer relationship	Total
Reach amortized life	-	(69,634)	-	(69,634)
As of December 31, 2019	$215,169	$125,014	$9,339	$349,522
Net carrying amount as of:				
December 31, 2020	$289,272	$89,229	$5,603	$384,104
December 31, 2019	$334,653	$76,481	$8,093	$419,227

Recognized as amortized amount of intangible assets are as follows.

	For the years ended December 31,	
	2020	2019
Operating costs	$17,688	$16,504
Operating expenses	$40,305	$43,568

(12) Impairment testing of goodwill and intangible assets with indefinite lives

Goodwill acquired through business combinations and licenses with indefinite lives have been allocated to four cash-generating units, which are also reportable operating segments, for impairment testing as follows:

A. Security guard cash-generating unit;
B. Entertainment cash-generating unit;
C. Catering service cash-generating unit; and
D. Other business cash-generating unit.

Carrying amount of goodwill and licenses allocated to each of the cash-generating units:

	Security guard unit		Entertainment unit	
As of December 31,	2020	2019	2020	2019
Goodwill	$27,548	$27,548	$22,330	$64,808

	Catering service unit		Other business unit		Total	
As of December 31,	2020	2019	2020	2019	2020	2019
Goodwill	$143,068	$143,068	$96,326	$99,229	$289,272	$334,653

Security guard cash-generating unit

The recoverable amount of the security guard unit has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The post-tax discount rates applied to cash flow projections is 13.93% (2019: 12.62%) and cash flows beyond the five-year period are extrapolated using a 2% (2019: 0%) growth rate that is the same as the long-term average growth rate for the security guard industry. As a result of this analysis, management has identified no impairment loss for goodwill which is allocated to this cash-generating unit.

Entertainment cash-generating unit

The recoverable amount of the entertainment unit has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The post-tax discount rates applied to cash flow projections is 9.49% and (2019: 9.79%) and cash flows beyond the five-year period are extrapolated using a 0% (2019: 0%) growth rate that is the same as the long-term average growth rate for the entertainment industry. As a result of this analysis, management has identified no impairment loss for goodwill which is allocated to this cash-generating unit for the year ended December 31, 2019. As a result of this analysis, management has recognized an impairment loss of NT$42,478 thousand against goodwill previously carried at NT$64,808 thousand for the year ended December 31, 2020.

Catering service cash-generating unit

The recoverable amount of the catering service unit has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The post-tax discount rates applied to cash flow projections is 11.03% (2019: 13.04%) and cash flows beyond the five-year period are extrapolated using a 0.0% (2019: 0.5%) growth rate that is the same as the long-term average growth rate for the other business industry. As a result of this analysis, management has identified no impairment loss for good will which is allocated to this cash-generating unit.

Other business cash-generating unit

The recoverable amount of the other business unit has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The post-tax discount rates applied to cash flow projections are 9.94%~10.69% (2019: 8.00%~10.26%) cash flows beyond the five-year period are extrapolated using a 0% (2019: 0%) growth rate that is the same as the long-term average growth rate for the other business industry. As a result of this analysis, management has identified no impairment loss for goodwill which is allocated to this cash-generating unit for the year ended December 31, 2019. As a result of this analysis, management has recognized an impairment loss of NT$2,903 thousand against goodwill previously carried at NT$2,903 thousand for the year ended December 31, 2020.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for the cash-generating unit is most sensitive to the following assumptions:

A. Discount rates; and
B. Growth rate used to extrapolate cash flows beyond the budget period.

Discount rates - Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The

WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Growth rate estimates - Rates are based on published industry research. For the reasons explained above, the long-term average growth rate used to extrapolate the budget for the Entertainment unit has been adjusted in a conservative way.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use calculation of the Cash-generating unit, management believes that no reasonably possible change in any of the above key assumptions which would cause the carrying value of the unit to materially exceed its recoverable amount.

(13) Short-term loans

		As of December 31,	
	Interest Rates (%)	2020	2019
Unsecured bank loans	0.53%-0.92%	$1,600,000	$3,750,000
Secured bank loans	1.65%	-	20,000
Total		$1,600,000	$3,770,000

The Group's unused short-term lines of credits amount to NT$1,010,000 thousand and NT$900,000 thousand, as of December 31, 2020 and 2019, respectively.

Please refer to Note 8 for more details on investment property pledged as security for short-term loans.

(14) Short-term bills payables

Nature	Guarantee Agency	As of December 31, 2020	Interest Rate (%)	Period
Commercial paper	Dah Chung Bills Finance Corporation	$50,000	0.98%	30 days
Commercial paper	China Bills Finance Corporation	50,000	1.00%	57 days
Commercial paper	Ta Ching Bills Finance Corporation	50,000	0.99%	56 days
Subtotal		150,000		
Less: discount on short-term bills payable		-		
Net		$150,000		

Nature	Guarantee Agency	As of December 31, 2019	Interest Rate (%)	Period
Commercial paper	Dah Chung Bills Finance Corporation	$150,000	1.23%	10 days
Commercial paper	China Bills Finance	200,000	1.18%	10 days

Corporation	
Subtotal	350,000
Less: discount on short-term bills payable	-
Net	$350,000

(15) Other payables

	As of December 31,	
	2020	2019
Other accrued expenses	$1,206,330	$1,147,034
ATM replenishment payable	865,680	450,184
Others	110,825	109,495
Total	$2,182,835	$1,706,713

(16) Long-term loans

Details of long-term loans are as follows:

Lenders	As of December 31, 2020	Interest Rates (%)	Maturity date and terms of repayment
Unsecured Loan			
Bank of Tokyo-Mitsubishi UFJ	$14,000	0.88%-1.20%	Loan starting March 25, 2016 till March 25, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Bank of Tokyo-Mitsubishi UFJ	32,000	0.88%-1.20%	Loan starting May 13, 2016 till May 13, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Bank of Tokyo-Mitsubishi UFJ	120,000	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.
Bank of Tokyo-Mitsubishi UFJ	500,000	0.85%-0.86%	Loan starting December 18, 2020 till December 16, 2022; repayable at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.93%	Loan starting December 18, 2020 till December 16, 2022; repayable at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.99%	Loan starting December 18, 2020 till December 18, 2023; repayable at the maturity date; interest paid every month
Secured Loan			
Sunny Bank Ltd.	150,000	1.45%	Loan starting July 28, 2020 till July 28, 2035 repayable every month; interest paid every month.
Subtotal	2,016,000		
Less: current portion	(130,850)		
Total	$1,885,150		

Lenders	As of December 31, 2019	Interest Rates (%)	Maturity date and terms of repayment
Unsecured Loan			
Bank of Tokyo-Mitsubishi UFJ	$62,000	0.88%-1.20%	Loan starting March 25, 2016 till March 25, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Bank of Tokyo-Mitsubishi UFJ	88,000	0.88%-1.20%	Loan starting May 13, 2016 till May 13, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Bank of Tokyo-Mitsubishi	200,000	0.70%-1.55%	Loan starting May 18, 2017 till May 18, 2022;

UFJ		repayment every 6 months after 6 months of borrowing; interest paid every 3 months.
Subtotal	350,000	
Less: current portion	(184,000)	
Total	$166,000	

Certain property, plant and equipment-land and buildings are pledged for long-term loans, please refer to Note 8.

(17) Guarantee deposits

	As of December 31,	
	2020	2019
Performance security deposit	$505,512	$496,315
Security line deposit	146,614	148,905
Others	7,978	7,469
Total	$660,104	$652,689

(18) Post-employment benefits

Defined contribution plan

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

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

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

Expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 are NT$233,335 thousand and NT$198,310 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is 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 Group expects to contribute NT$125,333 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

The average durations of the defined benefits plan obligation are 13 years and 12 years as of December 31, 2020 and 2019, respectively

Pension costs recognized in profit or loss for the years ended December 31, 2020 and 2019:

	For the years ended December 31,	
	2020	2019
Current period service costs	$47,488	$51,498
Prior period service costs	11,983	3,539
Interest expense (income) of net defined benefit liabilities (assets)	-	17,171
Total	$59,471	$72,208

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

	As of December 31,	
	2020	2019
Defined benefit obligation	$2,016,375	$1,931,880
Plan assets at fair value	(392,237)	(351,033)
Other non-current liabilities – Net defined benefit liabilities recognized on the consolidated balance sheets	$1,624,138	$1,580,847

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, 2019	$1,830,776	$(250,208)	$1,580,568
Current period service costs	51,498	-	51,498
Net interest expense (income)	19,727	(2,556)	17,171
Prior period service costs	3,539	-	3,539
Subtotal	74,764	(2,556)	72,208
Remeasurements of the net defined benefit			

liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	7,339	-	7,339
Actuarial gains and losses arising from changes in financial assumptions	73,957	-	73,957
Experience adjustments	29,735	(9,464)	20,271
Subtotal	111,031	(9,464)	101,567
Payments from the plan	(84,691)	84,691	-
Contributions by employer	-	(173,496)	(173,496)
As of December 31, 2019	1,931,880	(351,033)	1,580,847
Current period service costs	47,488	-	47,488
Net interest expense (income)	14,558	(2,575)	11,983
Prior period service costs	-	-	-
Subtotal	62,046	(2,575)	59,471
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	7,914	-	7,914
Actuarial gains and losses arising from changes in financial assumptions	62,704	-	62,704
Experience adjustments	50,465	(9,986)	40,479
Subtotal	121,083	(9,986)	111,097
Payments from the plan	(98,634)	98,634	-
Contributions by employer	-	(127,277)	(127,277)
As of December 31, 2020	$2,016,375	$(392,237)	$1,624,138

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

	As of December 31,	
	2020	2019
Discount rate	0.33%-0.44%	0.69%-0.79%
Expected rate of salary increases	0.50%-2.00%	0.50%-2.00%

A sensitivity analysis for significant assumption as of December 31, 2020 and 2019 is, as shown below:

	Effect on the defined benefit obligation			
	2020		2019	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.5%	$-	$104,641	$-	$106,277
Discount rate decreases by 0.5%	148,177	-	126,577	-
Future salary increases by 0.5%	155,109	-	133,808	-
Future salary decreases by 0.5%	-	109,782	-	107,928

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.

(19) 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, 2020 and 2019. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of December 31,	
	2020	2019
Additional paid-in capital	$40,387	$40,387
Treasury share transactions	664,396	625,410
Changes in net assets of associates and joint ventures accounted for under the equity method	106,221	94,561
Donated surplus	2,959	2,959
Total	$813,963	$763,317

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, 2020 and 2019, 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$112,132 thousand special reserve to undistributed earnings. As of December 31, 2020 and 2019, the special reserve were NT$58,666 thousand and NT$170,798 thousand, respectively.

Details of the 2020 and 2019 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 19, 2021 and June 16, 2020, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2020	2019	2020	2019
Legal reserve	$229,621	$213,656		
Special reserve	41,718	(112,132)		
Common stock-cash dividend	2,219,890	1,804,788	$4.92	$4

In addition, the Company's Board of Director approved to distribute cash dividend NT$0.08 per share and the total amount of NT$36,096 thousand from additional paid-in capital on March 19, 2021.

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

E. Non-controlling interests

	For the years ended December 31,	
	2020	2019
Beginning balance after retrospective application	$444,908	$481,317
Profit attributable to non-controlling interests	48,328	40,218
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	2,207	2,318
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(513)	2,613
Remeasurements of defined benefit plan	(1,602)	(727)
Disposal of equity instrument at fair value through		

other comprehensive income	(165)	728
Share of changes in joint venters accounted for using the equity method	21	2,723
Cash dividend from subsidiaries	(37,590)	(50,828)
Acquisition of new shares in subsidiaries not in proportionate to ownership interest	-	470
Capital reduction from subsidiaries	-	(35,960)
Acquisition of subsidiaries	-	2,940
Acquisition of shares published by subsidiaries	(8,975)	(904)
Grant to employee	1,000	-
Others	11,425	-
Ending balance	$459,044	$444,908

(20) Operating revenue

	For the years ended December 31,	
	2020	2019
Revenue from contracts with customers		
Sale of goods revenue	$1,553,380	$1,850,718
Rendering of service revenue	11,894,798	11,315,956
Subtotal	13,448,178	13,166,674
Other revenue	258,187	245,003
Total	$13,706,365	$13,411,677

Analysis of revenue from contracts with customers during the years ended December 31, 2020 and 2019 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2020:

	Electronic Systems Department	Security Services Department	Cash Delivery Department	Logistics Department	Other Department	Total
Sale of goods	$643,047	$-	$-	$144,923	$765,410	$1,553,380
Rendering of services	5,992,785	2,280,110	1,100,163	799,903	1,721,837	11,894,798
Total	$6,635,832	$2,280,110	$1,100,163	$944,826	$2,487,247	$13,448,178
Timing of revenue recognition:						
At a point in time	$643,047	$-	$-	$144,923	$765,410	$1,553,380
Over time	5,992,785	2,280,110	1,100,163	799,903	1,721,837	11,894,798
Total	$6,635,832	$2,280,110	$1,100,163	$944,826	$2,487,247	$13,448,178

For the year ended December 31, 2019:

	Electronic Systems Department	Security Services Department	Cash Delivery Department	Logistics Department	Other Department	Total
Sale of goods	$676,443	$-	$-	$122,571	$1,051,704	$1,850,718
Rendering of services	5,951,681	2,259,979	1,004,275	677,962	1,422,059	11,315,956
Total	$6,628,124	$2,259,979	$1,004,275	$800,533	$2,473,763	$13,166,674
Timing of revenue recognition:						
At a point in time	$676,443	$-	$-	$122,571	$1,051,704	$1,850,718
Over time	5,951,681	2,259,979	1,004,275	677,962	1,422,059	11,315,956
Total	$6,628,124	$2,259,979	$1,004,275	$800,533	$2,473,763	$13,166,674

B. Contract balances

a. Contract assets - current

	2020.12.31	2019.12.31	2019.1.1
Rendering of services	$120,316	$122,204	$110,715
Total	$120,316	$122,204	$110,715

Contract assets changes during 2020 and 2019 are based on the services to customers whether has an unconditional right to an amount of consideration at the reporting date.

Please refer to Note 6(21) for more details on the impairment impact.

b. Contract liabilities – current and non-current

	2020.12.31	2019.12.31	2019.1.1
Current	$1,283,052	$1,287,933	$1,289,681
Non-current	30,432	-	-
Total	$1,313,484	$1,287,933	$1,289,681

The significant changes in the Group’s balances of contract liabilities during the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31,	
	2020	2019
The opening balance transferred to revenue	$(1,216,122)	$(1,196,888)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,241,673	1,195,140

C. Transaction price allocated to unsatisfied performance obligations

The Group’s transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT$1,314,484 thousand as of December 31, 2020. Management expects that 87% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2021. The remaining amount will be recognized during the 2022 financial year.

The Group's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT$1,287,933 thousand as of December 31, 2019. Management expects that 89% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2020. The remaining amount will be recognized during the 2021 financial year.

D. Assets recognized from costs to fulfil a contract

None.

(21) Expected credit losses

	For the years ended December 31,	
	2020	2019
Operating expenses - Expected credit losses		
Impairment losses	$-	$-
Contract assets	-	-
Trade receivables	5,208	12,284
Subtotal	5,208	12,284
Non-operating income and expenses - Expected credit losses	-	-
Financial assets measured at amortized cost	-	-
Total	$5,208	$12,284

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

The credit risk for the Group's financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period). As the trade partners are financial institutions with good credit, the loss allowance is NT$0 thousand measured at a loss ratio of 0%.

The Group measures the loss allowance of its contract assets and trade receivables (including notes receivables, accounts receivables, operating lease receivables, finance lease receivables and long-term receivables) at an amount equal to lifetime expected credit losses. The assessment of the Group loss allowance are as follow:

A. The loss allowance of contract asset amounting to NT$0 thousand which is measured at expected credit loss ratio of 0%.

B. The Group considers the grouping 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:

As of December 31, 2020

Group 1

	Not yet due (note)	Overdue 1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	Total
Gross carrying amount	$997,573	$37,541	$7,689	$6,640	$1,622	$8,783	$1,059,848
Loss ratio	0-2%	2-10%	10-30%	30-50%	50-80%	80-100%	
Lifetime expected credit losses	(3,932)	(1,451)	(1,641)	(2,736)	(1,032)	(8,783)	(19,575)
Subtotal	993,641	36,090	6,048	3,904	590	-	1,040,273

Group 2

	Not yet due (note)	Overdue 1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	Total
Gross carrying amount	$456,575	$13,038	$958	$2,628	$-	$10,144	$483,343
Loss ratio	0-2%	0-2%	1-10%	10-50%	50-90%	90-100%	
Lifetime expected credit losses	(539)	(4)	(9)	(1,308)	-	(10,144)	(12,004)
Subtotal	456,036	13,034	949	1,320	-	-	471,339
Total							$1,511,612

As of December 31, 2019

Group 1

	Not yet due (note)	Overdue 1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	Total
Gross carrying amount	$911,962	$47,853	$6,308	$5,178	$1,092	$4,598	$976,991
Loss ratio	0-2%	2-10%	10-30%	30-60%	60-90%	90-100%	
Lifetime expected credit losses	(5,790)	(2,707)	(1,715)	(2,660)	(857)	(4,598)	(18,327)
Subtotal	906,172	45,146	4,593	2,518	235	-	958,664

Group 2

	Not yet due (note)	Overdue 1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	Total
Gross carrying amount	$399,353	$11,245	$4,181	$655	$20	$21,140	$436,594
Loss ratio	0-2%	0-2%	1-10%	10-50%	50-90%	90-100%	
Lifetime expected credit losses	(808)	(96)	(62)	(220)	(15)	(21,140)	(22,341)
Subtotal	398,545	11,149	4,119	435	5	-	414,253
Total							$1,372,917

Note: The Group's notes receivable, operating lease receivables, finance lease receivables, long-term receivables, and long-term lease receivables are not overdue.

The movement in the loss allowance of trade receivables during the years ended December 31, 2020 and 2019 is as follows:

	Trade receivables	Notes receivable	Others (Note)
Balance as of January 1, 2020	$40,668	$-	$-
Addition/(reversal) for the current period	5,208	-	-
Write off	(14,297)	-	-
Others	-	-	-
Balance as of December 31, 2020	$31,579	$-	$-
Beginning balance	$37,459	$-	$-

Addition/(reversal) for the current period	12,284	-	-
Write off	(12,340)	-	-
Others	3,265	-	-
Balance as of December 31, 2019	$40,668	$-	$-

Note: Others contain operating lease receivables, finance lease receivables, long-term receivables and long-term lease receivables.

(22) Leases

A. Group as a lessee

The Group leases various properties, including real estate such as land and buildings, transportation equipment, and other equipment. The lease terms range from 1 to 5 years.

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

a. Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2020	2019
Land and land improvement	$45,626	$17,071
Buildings	666,402	438,092
Transportation equipment	100,737	72,581
Other equipment	6,135	10,740
Total	$818,900	$538,484

During the year 2020 and 2019, the Group's additions to right-of-use assets amounted to NT$654,816 thousand and NT$183,992 thousand, respectively.

(ii) Lease liabilities

	As of December 31,	
	2020	2019
Lease liabilities	$819,777	$539,127
Current	$303,816	$201,503
Non-current	515,961	337,624

Please refer to Note 6(24)(4) for the interest on lease liabilities recognized during the year 2020 and 2019 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2020 and 2019.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2020	2019
Land and land improvement	$18,804	$11,254
Buildings	269,878	235,645
Transportation equipment	26,966	25,969
Other equipment	3,853	5,861
Total	$319,501	$278,279

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2020	2019
The expenses relating to short-term leases	$32,985	$41,381
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	16,033	32,097
Total	$49,018	$73,478

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company recognized as reduction in rental expenses for the year ended December 31, 2020 was NT$93 thousand , to reflect changes in lease payments that arise from such rent concessions to which the Group has applied the practical expedient.

d. Cash outflow relating to leasing activities

The Group’s total cash outflows for leases amounting to NT$376,695 thousand and NT$357,096 thousand for the years ended December 31, 2020 and 2019, respectively.

e. Other information relating to leasing activities

(i) Variable lease payments

Some of the Group’s lease agreements (e.g. property rental agreement) contain variable payment terms that are linked to certain percentages of sales generated from the leased stores, which is very common in the industry of the Group.

As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

(ii) Extension and termination options

Some of the Group’s agreement (e.g. property rental agreement) contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group. After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

B. Group as a lessor

Please refer to Note 6(10) for details on the Group's owned investment properties. Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

The Group has entered into leases on certain machinery and equipment with lease terms range from one to five years. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2020	2019
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$267,213	$254,553
Subtotal	267,213	254,553
Lease income for finance leases		
Selling profit or loss	7,599	928
Finance income on the net investment in the lease	5,150	4,869
Subtotal	12,749	5,797
Total	$279,962	$260,350

Please refer to Note 6(9) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2020 and 2019 are as follow:

	As of December 31,	
	2020	2019
Not later than one year	$204,625	$188,925
Later than one year but not later than two years	12,527	10,094
Later than two years but not later than three years	4,014	2,694
Later than three years but not later than four years	3,366	2,406
Later than four years but not later than five years	2,356	1,665
Later than five years	400	1,760
Total	$227,288	$207,544

For finance leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2020 and 2019 are as follow:

	As of December 31,	
	2020	2019
Not later than one year	$65,949	$52,759
Later than one year but not later than two years	58,077	47,280
Later than two years but not later than three years	57,406	39,407
Later than three years but not later than four years	33,555	38,737
Later than four years but not later than five years	14,848	14,886
Later than five years	-	-
Total undiscounted lease payment	229,835	193,069
Less: Unearned finance income to finance leases	(11,494)	(10,614)
Less: loss allowance	-	-
Net investment in the lease (Finance lease receivables)	$218,341	$182,455
Current	$60,976	$48,465
Non-current	157,365	133,990

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

	For the years ended December 31,					
	2020			2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$3,592,442	$1,447,977	$5,040,419	$3,489,689	$1,415,905	$4,905,594
Labor and health insurance	361,295	110,829	472,124	356,960	107,904	464,864
Pension	229,523	63,283	292,806	206,269	64,249	270,518
Other employee benefits expense	183,863	40,941	224,804	164,136	32,813	196,949
Depreciation	1,181,030	239,860	1,420,890	1,139,693	239,987	1,379,680
Amortization	17,688	40,305	57,993	16,504	43,568	60,072

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 and supervisors. 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 the profit of the year ended December 31, 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 to be 1% of profit of the current year and 4% of profit of the current year, respectively, recognized as salary expenses. As such, employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 amounted to NT$28, 528 thousand and NT$114,112 thousand, respectively.

A resolution was passed at a Board of Directors meeting held on March 19, 2021 to distribute NT$28,568 thousand and NT$114,272 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2020, respectively.

No material differences exist between the estimated amount and the actual distribution of the employee compensation NT$25,645 thousand and remuneration to directors and supervisors NT$102,582 thousand for the year ended December 31, 2019.

(24) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2020	2019
Financial assets measured at amortized cost	$1,884	$1,350
Cash in banks	4,415	7,798
Short-term commercial papers	10,792	12,303
Others	486	545
Total	$17,577	$21,996

B. Other income

	For the years ended December 31,	
	2020	2019
Rental income	$9,026	$9,550
Dividend income	5,456	10,174
Total	$14,482	$19,724

C. Other gains and losses

	For the years ended December 31,	
	2020	2019
Loss on disposal of property, plant and equipment	$(5,806)	$(17,372)
Gain on disposal of investment property	33,155	-
Gain (loss) on disposal of investments	(3,034)	1,419
Foreign exchange loss, net	(2,004)	(9,920)
Gain or (loss) on financial assets at fair value through profit or loss (Note 1)	412	171
Impairment losses	(45,381)	-
Gain (loss) on lease modification	1,933	(582)
Other income	19,467	9,813
Total	$(1,258)	$(16,471)

Note:1. Balances were arising from financial assets mandatorily measured at fair value through profit or loss

D. Finance costs

	For the years ended December 31,	
	2020	2019
Interest on borrowings from bank	$30,100	$32,428
Interest on lease liabilities	10,225	7,895
Total interest expenses	40,325	40,323
Unwinding of discount on provisions	-	-
Total finance costs	$40,325	$40,323

(25) Components of other comprehensive income

For the year ended December 31, 2020

	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	$(114,100)	$-	$(114,100)	$15,868	$(98,232)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(45,846)	-	(45,846)	361	(45,485)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	8,972	-	8,972	-	8,972
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	10,653	-	10,653	-	10,653
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(10,387)	-	(10,387)	-	(10,387)
Total of other comprehensive (loss) income	$(150,708)	$-	$(150,708)	$16,229	$(134,479)

For the year ended December 31, 2019

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(102,987)	$-	$(102,987)	$13,715	$(89,272)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	105,817	-	105,817	(4,960)	100,857
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	43,722	-	43,722	-	43,722
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	5,899	-	5,899	-	5,899
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(7,385)	-	(7,385)	-	(7,385)
Total of other comprehensive (loss) income	$45,066	$-	$45,066	$8,755	$53,821

(26) Income tax

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,	
	2020	2019
Current income tax expense (income):		
Current income tax charge	$543,844	$496,831
Adjustments in respect of current income tax of prior periods	7,879	(1,949)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	(6,134)	1,627
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	2,380	5,621
Other components of deferred tax expense	(239)	(91)
Total income tax expense (income)	$547,730	$502,039

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2020	2019
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$(15,868)	$(13,715)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(361)	4,960
Income tax relating to components of other comprehensive income	$(16,229)	$(8,755)

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,	
	2020	2019
Accounting profit before tax from continuing operations	$2,984,958	$2,678,818
Tax at the domestic rates applicable to profits in the country concerned	$596,992	$535,764
Investment tax credit and loss carryforward	(1,659)	26,525
Tax effect of deferred tax assets / liabilities	(15,072)	(15,944)
Tax effect of revenues exempt from taxation	(61,186)	(44,739)
Tax effect of non-deductible expenses from taxation	1,243	386
Adjustments in respect of current income tax of prior periods	7,879	(1,949)
5% surtax on unappropriated retained earnings	18,817	1,996
Others	716	-
Total income tax expense recognized in profit or loss	$547,730	$502,039

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2020

	Beginning balance as of January 1, 2020	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2020
Temporary differences				
Unrealized bad debt expense	$3,907	$339	$-	$4,246
Inventory valuation and obsolescence loss	2,282	748	-	3,030
Depreciation difference for tax purpose	15,063	(378)	-	14,685
Investments accounted for using the equity method	20,807	(20,807)	-	-
Compensated absences	20,404	788	-	21,192
Decommissioning costs	1,440	-	-	1,440
Defined benefit liabilities, non-current	204,466	(6,340)	15,868	213,994
Loss deduction	9,156	15,566	-	24,722
Impairment losses	135,434	-	-	135,434
Others	2,253	13,838	361	16,452
Deferred tax (expense)/income		$3,754	$16,229	
Net deferred tax assets/(liabilities)	$415,212			$435,195
Reflected in balance sheet as follows:				
Deferred tax assets	$415,212			$435,195

For the year ended December 31, 2019

	Beginning balance as of January 1, 2019	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2019
Temporary differences				
Unrealized bad debt expense	$3,605	$302	$-	$3,907
Inventory valuation and obsolescence loss	2,282	-	-	2,282
Depreciation difference for tax purpose	15,430	(367)	-	15,063
Investments accounted for using the equity method	20,647	160	-	20,807
Compensated absences	19,907	497	-	20,404
Decommissioning costs	1,440	-	-	1,440
Defined benefit liabilities, non-current	204,024	(13,273)	13,715	204,466
Loss deduction	14,777	(5,621)	-	9,156
Impairment losses	125,015	10,419	-	135,434
Others	6,578	635	(4,960)	2,253
Deferred tax (expense)/income		$(7,248)	$8,755	
Net deferred tax assets/(liabilities)	$413,705			$415,212
Reflected in balance sheet as follows:				
Deferred tax assets	$413,705			$415,212

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

		Unused tax losses as of		
Year	Tax losses for the period	December 31, 2020	December 31, 2019	Expiration year
2009	$-	$-	$294,102	2019

2010	116,393	116,306	186,876	2020
2011	32,268	32,268	112,024	2021
2012	15,255	11,154	86,613	2022
2013	35,841	27,329	65,613	2023
2014	8,595	8,595	63,441	2024
2015	12,523	9,982	9,982	2025
2016	39,532	37,428	89,362	2026
2017	90,489	89,212	160,045	2027
2018	12,502	12,502	49,524	2028
2019	44,053	21,642	146,886	2029
2020	187,131	170,422	-	2030
		$536,840	$1,264,468	

Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amount to NT$58,592 thousand and NT$252,893 thousand, respectively.

The assessment of income tax returns

As of December 31, 2020, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2018	-
Speed Investment Co., Ltd.	Assessed and approved up to 2018	-
Goyun Security Co., Ltd.	Assessed and approved up to 2018	-
Gowin Building Management Services Co., Ltd.	Assessed and approved up to 2018	-
Gowin Security Co., Ltd.	Assessed and approved up to 2018	-
Kuohsing Security Co., Ltd.	Assessed and approved up to 2018	-
Lee Bao Security Co., Ltd.	Assessed and approved up to 2018	-
Lee Bao Technology Co., Ltd.	Assessed and approved up to 2018	-
Lee Way Electronics Co., Ltd.	Assessed and approved up to 2018	-
Titan Star International Co., Ltd.	Assessed and approved up to 2018	-
Goldsun Express & Logistics Co., Ltd.	Assessed and approved up to 2018	-
Goldsun Express Ltd.	Assessed and approved up to 2018	-
Zhong Bao Insurance Broker Inc.	Assessed and approved up to 2018	-
Babyboss Co., Ltd.	Assessed and approved up to 2018	-
Chung Hsing E-Guard Co., Ltd.	Assessed and approved up to 2018	-
SVS Corporation	Assessed and approved up to 2018	-
Brightron Technology and Engineering Corporation (2019: LITENENT Corporation)	Assessed and approved up to 2018	-
Taiwan Video System Corporation	Assessed and approved up to 2018	
Lots Home Entertainment Co., Ltd.	Assessed and approved up to 2018	-
Aion Technologies Inc.	Assessed and approved up to 2018	-
CHOPPA Tech Co., Ltd.	Assessed and approved up to 2018	-
Guoyun Technology Co., Ltd.	Assessed and approved up to 2018	-
Comlink Fire Systems Inc.	Assessed and approved up to 2018	-
TransAsia Catering Services Ltd.	Assessed and approved up to 2018	-
Goyun Parking Co., Ltd.	Assessed and approved up to 2018	-
Chung Po Rental Co., Ltd.	Assessed and approved up to 2018	-
SIGMU D.P.T. Company Ltd.	Assessed and approved up to 2018	-
Lee Yuan Biomedical Co., Ltd.	Assessed and approved up to 2018	-
Livingplus Food and Beverage Co. Ltd. (2019: Zhan Food Team Inc.)	Assessed and approved up to 2018	-
Jiansheng International Co., Ltd.	Assessed and approved up to 2018	-
Sunseap Solutions Taiwan Limited	-	Established in 2019.
Epic Tech Taiwan Inc.	-	Established in 2020.
Sphinx Foods Company Limited	-	Established in 2020.

(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,	
	2020	2019
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$2,388,900	$2,136,561
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	440,923	440,923
Basic earnings per share (NT$)	$5.42	$4.85

	For the years ended December 31,	
	2020	2019
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$2,388,900	$2,136,561
Employee bonus (in thousands)	-	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	$2,388,900	$2,136,561
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	$440,923	$440,923
Effect of dilution:		
Employee bonus-stock (in thousands)	322	291
Weighted average number of ordinary shares outstanding after dilution (in thousands)	441,245	441,214
Diluted earnings per share (NT$)	$5.41	$4.84

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.

(28) Changes in ownership interests in subsidiaries

Acquisition of additional interest in a subsidiary

The Group acquired an additional 12.09% of the voting shares of SIGMU D.P.T. Company Ltd. In 2020, increasing its ownership to 83.51%. A cash consideration of NT$8,975 thousand was paid to the non-controlling interest shareholders. Non-controlling interest was decreased by NT$8,975 thousand.

The Group acquired an additional 0.7% of the voting shares of Comlink Fire Systems Inc. in November and December 2019, increasing its ownership to 100%. A cash consideration of NT$904 thousand was paid to the non-controlling interest shareholders. Non-controlling interest was decreased by NT$904 thousand.

7. Related party transactions

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

Name and nature of relationship of the related parties

Related Party Name	The Relationship with the Group
SECOM Co., Ltd.	Entity with joint control or significant influence over the Company
eSkylink Inc.	Associate
Goldsun Building Materials Co., Ltd.	Associate
Anfeng Enterprise Co., Ltd.	Associate
Wellpool Co., Ltd.	Associate
Raixin Quality Products Ltd.	Associate
Kuoyung Construction & Engineering Co., Ltd	Associate
Goldsun Nihon Cement Co., Ltd.	Associate
Taipei Port Terminal Company Limited	Associate
HQ Design Co., Ltd. (2019: Wellchang Interior Design and Decoration Co., Ltd.)	Other related party
Hobby Werks Co., Ltd.	Other related party
Cheng-Shin Investment Company	Other related party
Shin Lan Enterprise Inc.	Other related party
Azure International Holdings Taiwan Inc.	Other related party

Significant transactions with related parties

(1) Sales

	For the years ended December 31,	
	2020	2019
Associates	$890,895	$940,489
Other related parties	762	593
Total	$891,657	$941,082

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 15~190 days, while for third party domestic sales was month-end 15~190 days. The outstanding balance at every quarter end was unsecured, non-interest bearing and must be settled in cash. The receivables from the related parties were not guaranteed.

(2) Accounts receivables from related parties

	As of December 31,	
	2020	2019

Associates		
Goldsun Building Materials Co., Ltd.	$64,731	$70,779
Anfeng Enterprise Co., Ltd.	83,831	90,125
Others	1,012	1,435
Subtotal	149,574	162,339
Other related parties	85	89
Total	149,659	162,428
Less: loss allowance	-	-
Net	$149,659	$162,428

(3) Trade and other payables to related parties

	As of December 31,	
	2020	2019
Entity with joint control or significant influence over the Company	$834	$568
Associates	11,914	14,180
Other related parties	384	465
Total	$13,132	$15,213

(4) Right-of-use asset

	As of December 31,	
	2020	2019
Associates	$24,947	$8,842
Other related parties	20,075	34,055
Total	$45,022	$42,897

(5) Lease liabilities

	As of December 31,	
	2020	2019
Associates	$25,306	$8,810
Other related parties	20,250	34,157
Total	$45,556	$42,967

(6) Lease expenditure

	For the years ended December 31,	
	2020	2019
Associates	$360	$360
Other related parties	-	14,352
Total	$360	$14,712

The lease deposits to related parties amounted to NT$2,169 thousand as of December 31, 2020 and 2019.

(7) Property transactions

The Group has purchased electronic anti-theft equipment, electronic fireproof equipment, and rental decoration equipment, which were recognized as property plant and equipment:

	As of December 31,	
	2020	2019
Entity with joint control or significant influence over the Company	$7,024	$10,906
Associates	893	-
Other related parties	13,391	16,580
Total	$21,308	$27,486

The Group sold electronic anti-theft equipment, electronic fireproof equipment and rental decoration equipment to associates amounted to NT$0 thousand and NT$1,031 thousand as of December 31, 2020 and 2019, respectively. The Group recognized gain on disposal of property, plant and equipment of NT$0 thousand and NT$17 thousand, respectively

(8) Joint technological development

The Company has signed joint technological development contract with the entity with joint control or significant influence over the Company. The royalty fee was calculated in proportion of annual net sales deducted by related cost. The royalty fee was NT$46,045 thousand and NT$46,444 thousand for the years ended December 31, 2020 and 2019, respectively. The royalty payable was NT$22,959 thousand and NT$23,101 thousand as of December 31, 2020 and 2019, respectively, which was recognized as other payables.

(9) Key management personnel compensation

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	$240,182	$231,759
Post-employment benefits	2,061	2,109
Total	$242,243	$233,868

8. Assets pledged as security

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

	Carrying amount		
Assets pledged for security	December 31, 2020	December 31, 2019	Secured liabilities
Financial assets measured at amortized cost, current	$56,080	$7,724	Contract security deposit
Financial assets measured at amortized cost, non-current	60,775	112,406	Contract security deposit and oil passbook guarantee
Property, plant and equipment - land and buildings	234,130	-	Long-term loans
Investment properties - buildings	-	3,348	Short-term loans
Total	$350,985	$123,478	

9. Commitments and contingencies

The performance guarantee issued by bank as of December 31, 2020 for customs declaration and bids for Government projects are NT$142,490 thousand.

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, 2020	As of December 31, 2019
Financial assets designated at fair value through profit or loss	$1,108	$6,295
Financial assets at fair value through other comprehensive income	389,514	409,357
Financial assets measured at amortized cost:		
Cash and cash equivalents	4,045,867	5,236,699
Financial assets measured at amortized cost	463,412	320,984
Trade receivables	1,511,612	1,372,917
Refundable deposits	371,114	288,342
Subtotal	6,392,005	7,218,942
Total	$6,782,627	$7,634,594

Financial liabilities	As of December 31, 2020	As of December 31, 2019
Financial liabilities at amortized cost:		
Short-term loans	$1,600,000	$3,770,000
Short-term bills payable	150,000	350,000
Trade and other payables	2,868,347	2,399,263
Long-term loans (include expired within one year)	2,016,000	350,000
Lease liabilities	819,777	539,127
Guarantee deposits	660,104	652,689
Total	$8,114,228	$8,061,079

(2) Financial risk management objectives and policies

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

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

(3) Market risk

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

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, 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 Group.

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

A. When NTD strengthens/weakens against USD by 10%, the profit for the years ended December 31, 2020 and 2019 is increased/decreased by NT$7,428 thousand and NT$7,248 thousand, respectively.

B. When NTD strengthens/weakens against RMB by 10%, the profit for the years ended December 31, 2020 and 2019 is increased/decreased by NT$12 thousand and NT$12,325 thousand, respectively.

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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at floating interest rates, bank borrowings with fixed interest rates and floating interest rates.

The Group 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 Group's profit would decrease/increase by NT$3,616 thousand and NT$4,120 thousand for the years ended December 31, 2020 and 2019, respectively.

Equity price risk

The fair value of the Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 10% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT$28,660 thousand and NT$26,521 thousand on the equity attributable to the Group for the years ended December 31, 2020 and 2019, respectively.

Please refer to Note 12(8) for sensitivity analysis information of other equity instruments or derivatives 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 Group is exposed to credit risk from operating activities (primarily for accounts receivables and notes receivables) and from its financing activities, including bank deposits and other financial instruments.

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

As of December 31, 2020 and 2019, amounts receivables from top ten customers are minor compared to the total accounts receivable of the Group. The credit concentration risk of other accounts receivable is insignificant.

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

(5) Liquidity risk management

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

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2020					
Borrowings	$1,758,802	$1,784,563	$23,690	$112,527	$3,679,582
Short-term bills payable	150,000	-	-	-	150,000
Trade and other payables	2,868,347	-	-	-	2,868,347
Lease liabilities	312,769	315,359	112,344	109,122	849,594
As of December 31, 2019					
Borrowings	$3,958,122	$168,052	$-	$-	$4,126,174
Short-term bills payable	350,000	-	-	-	350,000
Trade and other payables	2,399,263	-	-	-	2,399,263
Lease liabilities	207,290	218,708	65,820	66,061	557,879

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 2020 is as follows:

	Short-term loans	Long-term loans	Lease liabilities	Short-term bills payable	Balance of liabilities arising from financing activities
2020.1.1	$3,770,000	$350,000	$539,127	$350,000	$5,009,127
Cash flow	(2,170,000)	1,666,000	(327,677)	(200,000)	(1,031,677)
Non-cash changes	-	-	608,327	-	608,327
2020.12.31	$1,600,000	$2,016,000	$819,777	$150,000	$4,585,777

Information of reconciliation for liabilities during 2019 is as follows:

	Short-term loans	Long-term loans	Lease payables	Short-term bills payable	Balance of liabilities arising from financing activities
2019.1.1	$2,550,000	$1,034,000	$658,978	$-	$4,242,978
Cash flow	1,220,000	(684,000)	(283,618)	350,000	602,382
Non-cash	-	-	163,767	-	

changes					163,767
2019.12.31	$3,770,000	$350,000	$539,127	$350,000	$5,009,127

(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 Group 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 Group’s financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

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

(8) 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 Group 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 Group's assets and liabilities

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

As of December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$1,108	$-	$-	$1,108
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	286,602	-	102,912	389,514

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$6,259	$-	$-	$6,259
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	265,207	-	144,150	409,357

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2020 and 2019, 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, 2020	$144,150
Total losses recognized for the year ended December 31, 2020:	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	(30,238)
Acquisition/issue for the year ended December 31, 2020	10,199
Disposition/acquittance for the year ended December 31, 2020	(21,199)
Ending balances as of December 31, 2020	$102,912

	Assets
	Measured at fair value through other comprehensive income
	Stock
Beginning balances as of January 1, 2019	$141,045
Total losses recognized for the year ended December 31, 2019:	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	30,185
Acquisition/issue for the year ended December 31, 2019	-
Disposition/acquittance for the year ended December 31, 2019	(27,080)
Ending balances as of December 31, 2019	$144,150

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, 2020

	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					

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
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 Group's profit or loss by NT$10,571 thousand

As of December 31, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets: 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 Group's profit or loss by NT$13,157 thousand

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

The Group'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 Group's accounting policies at each reporting date.

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

As of December 31, 2020

	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)	$-	$-	$89,978	$89,978
Investments accounted for using the equity method (please refer to Note 6)	4,370,977	-	-	4,370,977

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6)	$-	$-	$141,285	$141,285
Investments accounted for using the equity method (please refer to Note 6)	2,731,756	-	-	2,731,756

(9) Significant assets and liabilities denominated in foreign currencies

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

	December 31, 2020		
	Foreign currencies	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$2,682,770	28.4800	$74,867
EURO	517	35.0200	18
RMB	26,657	4.3770	117
Financial liabilities			
Monetary items:			
USD	20,524	28.4800	585

	December 31, 2019		
	Foreign currencies	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$2,452,477	29.9800	$73,525
EURO	153,759	33.5900	5,165
RMB	28,628,726	4.3050	123,247
Financial liabilities			
Monetary items:			
USD	34,730	29.9800	1,041

The Group's entities' functional currency are various, and hence is not able to disclose the information of exchange gains and losses of monetary financial assets and liabilities by each significant assets and liabilities denominated in foreign currencies.

The foreign exchange loss was NT$(2,004) thousand and NT$(9,920) thousand for the years ended December 31, 2020 and 2019, 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 Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(11) The information of parent company shares held by subsidiaries is as follows

Name of subsidiaries	As of December 31, 2020 Shares	Amount	Purpose of holding
Speed Investment Co., Ltd.	3,447,198	$305,767	Financial assets at fair value through other comprehensive income
Kuohsing Security Co., Ltd	3,625,284	321,563	Financial assets at fair value through other comprehensive income
Goyun Building Management Services Co., Ltd.	2,232,564	198,028	Financial assets at fair value through other comprehensive income
Goyun Security Co., Ltd.	252,820	22,425	Financial assets at fair value through other comprehensive income
Chung Hsing E-Guard Co., Ltd.	552,655	49,021	Financial assets at fair value through other comprehensive income
Lee Way Electronics Co., Ltd.	163,284	14,483	Financial assets at fair value through other comprehensive income
Total	10,273,805	$911,287	

Name of subsidiaries	As of December 31, 2019 Shares	Amount	Purpose of holding
Speed Investment Co., Ltd.	2,026,155	$179,923	Financial assets at fair value through other comprehensive income
Kuohsing Security Co., Ltd	3,625,284	321,924	Financial assets at fair value through other comprehensive income
Goyun Building Management Services Co., Ltd.	2,232,564	198,252	Financial assets at fair value through other comprehensive income
Goyun Security Co., Ltd.	252,820	22,450	Financial assets at fair value through other comprehensive income
Chung Hsing E-Guard Co., Ltd.	552,655	49,076	Financial assets at fair value through other comprehensive income
Lee Way Electronics Co., Ltd.	163,284	14,500	Financial assets at fair value through other comprehensive income
Titan Star International Co., Ltd.	1,421,043	126,189	Financial assets at fair value through other comprehensive income
Total	10,273,805	$912,314	

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:

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

B. Additional disclosures from above A.~J. of investee companies: Please refer to Attachment 2, 3 and 4.

(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.

14. Segment information

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

(1) Electronic system: segment engages in security system related service.

(2) Security service: segment engages in security guarding related service.

(3) Cash delivery service: segment engages in cash delivery service.

(4) Logistics service: segment engages in logistic service.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

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

(1) Information on profit or loss, assets and liabilities of the reportable segment:

For the year ended December 31, 2020

	Electronic system segment	Static guard service segment	Cash delivery segment	Logistics service segment	Subtotal	Other operating segments	Adjustment and elimination	Consolidated
Revenue								
External customer	$6,635,832	$2,280,110	$1,100,163	$999,392	$11,015,497	$2,690,868	$-	$13,706,365

Inter-segment	175,682	268,530	307,186	16,857	768,255	995,007	(1,763,262)	-
Total revenue	$6,811,514	$2,548,640	$1,407,349	$1,016,249	$11,783,752	$3,685,875	$(1,763,262)	$13,706,365
Interest revenue	$3,101	$1,106	$275	$395	$4,877	$13,672	$(972)	$17,577
Interest expenses	23,524	77	9,526	2,443	35,570	5,763	(1,008)	40,325
Depreciation and amortization	1,065,586	10,762	67,740	86,575	1,230,663	248,221	-	1,478,884
Other material non-cash items:								
Impairment of assets	-	-	-	-	-	(3,034)	-	(3,034)
Segment profit	$2,516,808	$508,346	$525,446	$66,069	$3,616,669	$697,859	$(1,329,570)	$2,984,958
Assets								
Investment accounted for using the equity method	$9,527,725	$802,868	$25,724	$37,175	$10,393,492	$4,336,163	$(11,117,558)	$3,612,097
Segment assets	$19,100,705	$2,000,803	$2,882,750	$1,128,476	$25,112,734	$10,101,756	$(12,045,063)	$23,169,427
Segment liabilities	$7,861,137	$355,800	$1,592,387	$424,838	$10,234,162	$1,604,823	$(368,170)	$11,470,815

For the year ended December 31, 2019

	Electronic system segment	Static guard service segment	Cash delivery segment	Logistics service segment	Subtotal	Other operating segments	Adjustment and elimination	Consolidated
Revenue								
External customer	$6,628,124	$2,259,979	$1,004,275	$857,257	$10,749,635	$2,662,042	$-	$13,411,677
Inter-segment	147,120	282,919	317,270	69,253	816,562	743,791	(1,560,353)	-
Total revenue	$6,775,244	$2,542,898	$1,321,545	$926,510	$11,566,197	$3,405,833	$(1,560,353)	$13,411,677
Interest revenue	$2,836	$1,339	$393	$657	$5,225	$17,415	$(644)	$21,996
Interest expenses	25,540	72	10,999	1,206	37,817	3,305	(799)	40,323
Depreciation and amortization	1,052,787	10,406	63,897	55,016	1,182,106	257,646	-	1,439,752
Other material non-cash items:								
Impairment of assets	1,397	-	-	-	1,397	22	-	1,419
Segment profit	$2,220,093	$512,248	$452,087	$57,723	$3,242,151	$430,928	$(994,261)	$2,678,818
Assets								
Investment accounted for using the equity method	$9,029,192	$679,693	$32,667	$37,953	$9,779,505	$4,068,335	$(10,502,326)	$3,345,514
Segment assets	$18,526,223	$1,903,535	$3,059,765	$1,004,422	$24,493,945	$9,263,585	$(11,258,877)	$22,498,653
Segment liabilities	$7,787,006	$318,999	$1,938,208	$329,117	$10,373,330	$1,216,757	$(275,558)	$11,314,529

Inter-segment revenue is eliminated on consolidation and recorded under the "adjustment and elimination" column. All other adjustments and eliminations are disclosed below.

(2) Information on reconciliations of revenue, profit or loss, assets, liabilities and other material items of reportable segments:

A. Revenue:

	For the years ended December 31, 2020	2019
Total revenue from reportable segments	$11,783,752	$11,566,197
Other revenue	3,685,875	3,405,833
Elimination of inter-segment revenue	(1,763,262)	(1,560,353)
Total revenue	$13,706,365	$13,411,677

B. Profit or loss:

	For the years ended December 31, 2020	2019
Total profit or loss for reportable segments	$3,616,669	$3,242,151
Other profit	697,859	430,928
Elimination of inter-segment profit	(1,329,570)	(994,261)
Profit before tax from continuing operations	$2,984,958	$2,678,818

C. Assets:

	As of December 31,	
	2020	2019
Total assets of reportable segments	$25,112,734	$24,493,945
Other assets	10,101,756	9,263,585
Elimination of investment accounted for using the equity method	(11,117,558)	(10,502,326)
Elimination of intersegment activities	(927,505)	(756,551)
Segment assets	$23,169,427	$22,498,653

D. Liabilities:

	As of December 31,	
	2020	2019
Total liabilities of reportable segments	$10,234,162	$10,373,330
Other liabilities	1,604,823	1,216,757
Elimination of intersegment activities	(368,170)	(275,558)
Segment liabilities	$11,470,815	$11,314,529

E. Other material items:

For the year ended December 31, 2020

	Reportable segments	Other operating segments	Adjustments	Consolidated
Interest income	$4,877	$13,672	$(972)	$17,577
Interest expenses	35,570	5,763	(1,008)	40,325
Depreciation and amortization	1,230,663	248,221	-	1,478,884
Impairment of assets	-	(3,034)	-	(3,034)

For the year ended December 31, 2019

	Reportable segments	Other operating segments	Adjustments	Consolidated
Interest income	$5,225	$17,415	$(644)	$21,996
Interest expenses	37,817	3,305	(799)	40,323
Depreciation and amortization	1,182,106	257,646	-	1,439,752
Impairment of assets	1,397	22	-	1,419

(3) Geographical information

Revenue from external customers

	For the years ended December 31,	
	2020	2019
Taiwan	$13,706,365	$13,411,677

Attachment 1

Significant intercompany transactions between consolidated entities

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

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)
	For the year ended 2020						
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	1	Revenues	$(17,782)	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	1	Costs	184,910	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	1	Accrued expenses	14,532	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Guarantee deposits	30,000	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Accounts payable	44,128	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Costs	126,599	Note 4	-
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Costs	105,776	Note 4	-
0	Taiwan Secom Co., Ltd.	Kuo Hsing Security Co., Ltd.	1	Revenues	5,837	Note 4	-
0	Taiwan Secom Co., Ltd.	CHOPPA Tech Co., Ltd.	1	Revenues	35,126	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Revenues	43,250	Note 4	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation (2019: LITENET Corporation)	1	Revenues	41,781	Note 4	-
0	Taiwan Secom Co., Ltd.	Goyun Building Management Services Co., Ltd.	1	Revenues	11,006	Note 4	-
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	1	Revenues	10,474	Note 4	-
1	Titan Star International Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	436,376	Note 4	3%
2	Aion Technologies Inc.	Taiwan Secom Co., Ltd.	2	Revenues	239,645	Note 4	2%
3	Goyun Security Co., Ltd.	Kuo Hsing Security Co., Ltd.	3	Revenues	15,151	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.

Attachment 2

Financing provided to others for the year ended December 31, 2020

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

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		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Speed Investment Co., Ltd.	Taiwan Video System Co., Ltd.	Other receivables - related parties	Yes	$30,000	$30,000	$-	1.0%	(Note 4(2))	$-	Business turnover	$-	-	$-	$666,373 (Note 1)	$1,332,746 (Note 2)
2	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	Other receivables - related parties	Yes	60,000	60,000	45,000	1.0%	(Note 4(2))	-	Business turnover	-	-	-	666,373 (Note 1)	1,332,746 (Note 2)
3	Speed Investment Co., Ltd.	SIGMU D.P.T. Company Ltd.	Other receivables - related parties	Yes	50,000	50,000	50,000	1.0%	(Note 4(2))	-	Business turnover	-	-	-	666,373 (Note 1)	1,332,746 (Note 2)
4	Speed Investment Co., Ltd.	Living Plus Food & Beverage Co., Ltd.	Other receivables - related parties	Yes	20,000	20,000	20,000	1.0%	(Note 4(2))	-	Business turnover	-	-	-	666,373 (Note 1)	1,332,746 (Note 2)

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 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 4：(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.

Attachment 3
Endorsement/Guarantee provided to others for the year ended December 31, 2020

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

		Receiving party											
No.	Endorsor/Guarantor	Company name	Relationship	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 6)	Guarantee provided by a subsidiary (Note 6)	Guarantee provided to subsidiaries in Mainland China (Note 6)
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	An investee which holds directly 100% of equity interest.	$3,371,870 (Note 4)	$30,000	$30,000	$-	$-	0.27%	$5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	An investee which holds directly 100% of equity interest.	3,371,870 (Note 4)	2,100,000	2,100,000	200,000	-	18.68%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Kuo Hsing Security Co., Ltd.	An investee which holds directly 83.77% of equity interest.	3,371,870 (Note 4)	50,000	50,000	-	-	0.44%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Goyun Building Management Services Co., Ltd.	An investee which holds directly 80.96% of equity interest.	3,371,870 (Note 4)	500,000	500,000	271,443	-	4.45%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	An investee which holds directly 73.75% of equity interest.	3,371,870 (Note 4)	50,000	50,000	-	-	0.44%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	An investee which holds indirectly 100% of equity interest.	3,371,870 (Note 4)	30,000	30,000	-	-	0.27%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Goyun Parking Co., Ltd.	An investee which holds indirectly 100% of equity interest.	3,371,870 (Note 4)	130,000	130,000	12,000	-	1.16%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation (2019: LITENENT Corporation)	An investee which holds indirectly 93.87% of equity interest.	3,371,870 (Note 4)	300,000	300,000	-	-	2.67%	5,619,784 (Note 4)	Y	N	N
1	Aion Technologies Inc.	Brightron Technology and Engineering Corporation (2019: LITENENT Corporation)	An investee which holds directly 23.37% of equity interest.	55,823 (Note 1)	3,264	2,100	2,100	-	0.75%	55,823 (Note 1)	N	N	N
2	Goyun Building Management Services Co., Ltd.	Goyun Parking Co., Ltd.	An investee which holds directly 100% of equity interest.	3,371,870 (Note 2)	50,000	50,000	-	-	6.16%	5,619,784 (Note 2)	N	N	N
2	Goyun Building Management Services Co., Ltd.	Kuo Hsing Security Co., Ltd.	An investee which holds 1.45% of equity interest.	56 (Note 2)	1,040	-	-	-	0.00%	5,619,784 (Note 3)	N	N	N
2	Goyun Building Management Services Co., Ltd.	Taiwan Secom Co., Ltd.	Parent company	3,371,870 (Note 2)	3,310	3,310	3,310	-	0.41%	5,619,784 (Note 4)	N	Y	N
3	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	An investee which holds directly 78.98% of equity interest.	3,371,870 (Note 3)	25,000	25,000	25,000	-	0.75%	5,619,784 (Note 2)	N	N	N
3	Speed Investment Co., Ltd.	Sunseap Solutions Taiwan Limited	An investee which holds directly 51.00% of equity interest.	3,371,870 (Note 3)	10,000	10,000	-	-	0.30%	5,619,784 (Note 2)	N	N	N
4	Goyun Security Co., Ltd.	Kuo Hsing Security Co., Ltd.	An investee which holds indirectly 0.09% of equity interest.	58,274 (Note 5)	1,040	1,040	1,040	-	0.19%	5,619,784 (Note 3)	N	N	N

Note 1: Limit of guarantee/endorsement amount of Aion Technologies Inc. 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 20%.
(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 Goldsun Express & Logistics 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 3: 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 4: A subsidiary in which Taiwan SECOM 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 subsidiary in which Goyun Security Co., Ltd. holds directly or indirectly over 50% of equity interest. Guarantee/endorsement amount are as follows:
(1) This is the total contact amount agreed by Kuo Hsing Security Co., Ltd. and Formosa Petrochemical Corporation for the gate access control service. Goyun Security Co., Ltd. is the collateral guarantor for the agreement, so if Kuo Hsing Security Co., Ltd. is unable to deliver the service in accordance with the contract term, Goyun Security Co., Ltd. will be held liable for the compensation to Formosa Petrochemical Corporation.
(2) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.
(3) 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.
(4) 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 6: 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.

Attachment 4-1

Securities held for the year ended December 31, 2020 (Excluding subsidiary, associates and jointly controlled)

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

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units/Shares	Book value	Percentage of ownership	Fair value (NTD)	
Taiwan Secom Co., Ltd.	Listed companies stocks-							
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	255,500	$20,312	0.45%	$79.50	
	Unlisted companies stocks-							
	BlissCloud Group Holdings Corp	-	Financial assets at fair value through other comprehensive income-non-current	987,762	-	13.64%	-	
	Top Taiwan Viii Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,354,166	12,255	2.08%	9.05	
	GAMA Pay Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	3,214,285	22,918	5.36%	7.13	
	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,591,367	9,692	10.61%	6.09	
	Global Securities Finance Corporation	-	Financial assets at fair value through other comprehensive income-non-current	29,102	844	0.16%	29.00	
	Raixin Quality Products Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,127,776	2,650	11.28%	2.35	
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	14,483	0.04%	88.70	
	Unlisted companies stocks-							
	Huijia Health Life Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	50,000	136	0.30%	2.72	
Lee Bao Technology Co., Ltd.	Unlisted companies stocks-	-						
	GENIRON.COM Inc.		Financial assets at fair value through other comprehensive income-non-current	1,239,180	7,574	8.26%	6.09	
Tital Star International Co., Ltd.	Unlisted companies stocks-							
	Golden Harvest Food Enterprise Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,460,000	19,841	7.30%	13.59	
	International Integrated Systems, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	497,227	10,158	0.71%	20.43	
Chung Hsing E-Guard Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	552,655	49,021	0.12%	88.70	

Attachment 4-2

Securities held for the year ended December 31, 2020 (Excluding subsidiary, associates and jointly controlled)

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

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units/Shares	Book value	Percentage of ownership	Fair value (NTD)	
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	$321,563	0.80%	$88.70	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	281,000	14,612	0.78%	52.00	
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	268,750	21,363	0.48%	79.49	
Goyun Building Management Services Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	2,232,564	198,028	0.49%	88.70	
Lots Home Entertainment Co., Ltd.	Unlisted companies stocks-							
	The Tag-Along Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	44,453	250	1.50%	5.62	
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	22,425	0.06%	88.70	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	181,500	9,438	0.50%	52.00	
Speed Investment Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	3,447,198	305,767	0.76%	88.70	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	302,500	15,730	0.84%	52.00	
	Unlisted companies stocks-							
	Top Taiwan VI Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	552,391	5,723	2.17%	10.36	
	Mingfu Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	100,000	410	9.09%	4.10	
	Yuji Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	843,750	10,488	3.75%	12.43	
	Fund-							
	AsiaVest Opportunities Fund	-	Financial assets at fair value through other comprehensive income-current	200	1,108	0.74%	USD 184.79	
TransAsia Catering Service Ltd.	Fund-							
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at fair value through other comprehensive income-current	19,355,000	187,744	6.67%	9.70	
Aion Technologies Inc.	Listed companies stocks-							
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	218,900	17,403	0.39%	79.50	

Attachment 5

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

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

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 (sales)	Credit Term	Unit price	Credit Term	Balance	Percentage of total receivables (payable)	
Taiwan Secom Co., Ltd.	Aion Technologies Inc.	Subsidiary accounted for using the equity method	Note 1	$239,645	Note 1	30-60 days	-	-	$(40,225)	10%	
	Anfeng Enterprise Co., Ltd.	Investee accounted for using the equity method	Sales	184,149	3%	30-60 days	-	-	80,962	9%	
	Lee Bao Security Co., Ltd.	Subsidiary accounted for using the equity method	Purchase	184,910	5%	30-60 days	-	-	(14,532)	4%	
	Titan Star International Co., Ltd.	Subsidiary accounted for using the equity method	Note 2	436,376	Note 2	30-60 days	-	-	(44,128)	11%	
Goldsun Express & Logistics Co., Ltd.	Goldsun Building Materials Co., Ltd.	Investee accounted for using the equity method	Note 3	(422,417)	Note 3	30 days	-	-	57,462	7%	

Note 1：The Company purchases information equipment, software and system maintenance from Aion Technologies Inc.

Note 2：The Company purchased inventory, electronic anti-theft and electronic fireproof 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 using 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.	Speed Investment Co., Ltd.	Taipei City	Investment holding	$415,130	$415,130	256,484,804	100.00%	$2,918,916	$248,260	$200,869	
	Lee Bao Security Co., Ltd.	Taipei City	Security services providing	198,006	198,006	69,986,215	100.00%	1,290,363	273,120	273,120	
	Goyun Security Co., Ltd.	Kaohsiung City	Security services providing	40,034	40,034	27,705,510	100.00%	534,778	105,377	106,273	
	Chung Hsing E-Guard Co., Ltd.	Taipei City	Sales of electric, telecommunications and fireproof products	66,976	20,000	6,697,568	100.00%	57,386	2,007	(180)	
	Goldsun Express & Logistics Co., Ltd.	New Taipei City	Air cargo transporting services	613,878	613,878	57,732,926	100.00%	667,186	51,641	51,488	
	Kuo Hsing Security Co., Ltd.	Taipei City	Corporate security guarding services	-	-	29,321,619	83.77%	549,050	189,666	143,420	
	Goyun Building Management Services Co., Ltd.	Taipei City	Building management services providing	101,911	101,911	28,463,488	80.96%	481,556	169,167	127,760	
	Aion Technologies Inc.	Taipei City	Technology support services	139,356	139,356	12,739,895	73.75%	189,521	48,544	21,663	
	Zhong Bao Insurance Broker Inc	Taipei City	Insurance broker	3,600	3,600	608,400	60.00%	18,313	5,279	3,167	
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	449,526	449,526	11,356,902	36.20%	25	(283)	104	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	121,419	121,419	10,288,341	34.29%	144,122	60,177	16,698	
	Lots Home Entertainment Co., Ltd.	Taipei City	Video sales and rental services	186,480	186,480	683,920	21.02%	27,528	(5,502)	(1,219)	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	750,687	750,687	24,562,918	67.02%	777,939	(27,950)	(18,535)	
	SIGMU D.P.T. Co., Ltd.	Taipei City	Wholesale and installation of fire safety equipment	6,776	6,776	677,617	21.99%	17,997	339	83	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	1,253,441	1,374,479	77,555,747	6.57%	1,541,074	2,472,927	157,405	
	TransAsia Airways Corp.	Taipei City	Aviation services	833,409	833,409	76,245,604	0.00%	-	-	-	Note 1
	Tech Elite Holdings Ltd.	Hong Kong	Investment holding	66,416	66,416	2,000,000	39.22%	-	-	-	
	Anfeng Enterprise Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	10,820	10,820	900,000	30.00%	13,764	4,031	1,093	
	Huaya Development Co., Ltd.	Taipei City	Operating hotel and sales of cement products and asbestos waves	314,899	314,899	25,512,892	49.83%	298,207	6,975	3,472	
Speed Investment Co., Ltd.	Titan Star International Co., Ltd.	Taipei City	Manufacturing, selling and processing of security-related equipment and parts	272,396	393,185	72,855,115	100.00%	1,474,173	189,330	196,049	
	SVS Corporation	Taipei City	Vehicles maintenance services	80,000	80,000	8,000,000	100.00%	40,865	2,420	1,877	
	Jiansheng International Co., Ltd.	Taipei City	Medical equipment and AED rental services	20,000	20,000	2,000,000	100.00%	20,183	139	122	
	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	20,026	11,051	1,890,405	61.36%	50,217	339	1,139	
	Comlink Fire Systems Inc	Taoyuan City	Wholesale of fire safety equipment	85,938	85,938	205,866	99.81%	80,231	6,703	5,489	
	Babyboss Co., Ltd.	Taipei City	Educational and recreational services	152,308	152,308	15,230,776	84.62%	144,281	13,370	10,764	
	Lots Home Entertainment Co., Ltd.	Taipei City	Video sales and rental services	375,568	375,568	2,570,280	78.98%	20,395	(5,502)	(4,581)	
	CHOPPA Tech Co., Ltd.	Taipei City	POS system for retail	86,090	86,090	8,637,000	57.58%	99,999	8,632	3,852	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	150,376	150,376	14,078,783	46.93%	217,110	60,177	32,519	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	80,000	80,000	2,424,242	6.61%	55,780	(27,950)	(1,860)	
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	151,021	151,021	14,845,300	47.32%	514	(283)	(134)	
	Zhong Bao Insurance Broker Inc	Taipei City	Insurance broker	1,927	1,927	101,400	10.00%	3,052	5,279	528	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	89,181	103,456	8,472,699	0.72%	146,132	2,472,927	17,111	
	Brightron Technology and Engineering Corporation (2019: LITENENT Corporation)	Taipei City	Light controlling system services	124,740	124,740	17,827,884	67.94%	185,238	21,756	17,516	
	Livingplus Food and Beverage Co., Ltd. (2019: Zhan Food Team Inc.)	Taipei City	Catering services	52,040	30,000	7,000,000	87.50%	21,094	(24,759)	(19,475)	
	Sunseap Solutions Taiwan Limited	Taipei City	Energy-saving solutions technology	3,060	3,060	306,000	51.00%	1,998	(1,959)	(1,062)	
	Epic Tech Taiwan Inc.	Taipei City	Property management platform	31,200	-	3,120,000	78.00%	25,946	(6,736)	(5,506)	
	Sphinx Foods Company Limited	Taipei City	Food manufacturing	20,000	-	2,000,000	100.00%	19,719	(281)	(281)	
Titan Star International Co., Ltd.	eSkylink Inc.	Taipei City	Telecom value-added network services	7,301	7,301	884,016	19.71%	20,056	25,699	5,182	
	Brightron Technology and Engineering Corporation (2019: LITENENT Corporation)	Taipei City	Light controlling system services	30,244	30,244	2,280,116	8.69%	37,590	21,756	2,240	
	TransAsia Airways Corp.	Taipei City	Aviation Services	54,007	54,007	4,405,028	0.58%	-	-	-	Note 1
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	295,801	363,809	48,147,710	4.08%	827,907	2,472,927	99,900	
	Comlink Fire Systems Inc	Taoyuan City	Wholesale of fire safety equipment	176	176	384	0.19%	90	6,703	60	
	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	55	55	4,887	0.16%	131	339	(2)	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	100,000	100,000	3,030,303	8.27%	69,788	(27,950)	(2,329)	
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	21,516	21,516	614,779	1.96%	-	(283)	420	

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 using 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			
Goldsun Express & Logistics Co., Ltd.	Goldsun Express Ltd.	New Taipei City	The custom broker services	$26,833	$26,833	33,612,480	100.00%	$37,175	$1,515	$1,515	
Goyun Security Co., Ltd.	Goyun Building Management Services Co., Ltd.	Taipei City	Building management services providing	15,000	15,000	2,154,042	6.13%	40,282	169,167	10,709	
	TransAsia Airways Corp.	Taipei City	Aviation Services	28,978	28,978	1,635,080	0.22%	-	-	-	Note 1
	Babyboss Co., Ltd.	Taipei City	Educational and recreational services	1,814	1,814	692,304	3.85%	6,564	13,370	488	
	CHOPPA Tech Co., Ltd.	Taipei City	POS system for retail	10,080	10,080	1,008,000	6.72%	11,672	8,632	472	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	69,882	82,571	7,531,136	0.64%	102,681	2,472,927	11,849	
	Guoyun Technology Co., Ltd.	Kaohsiung City	Car parking lot services	150,000	100,000	15,000,000	100.00%	137,891	2,510	1,567	
Kuo Hsing Security Co., Ltd.	Goyun Building Management Services Co., Ltd.	Taipei City	Building management services providing	26,615	26,615	4,540,260	12.91%	123,809	169,167	22,461	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	29,045	29,045	2,707,458	9.02%	43,894	60,177	5,894	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	216,592	172,492	13,299,599	1.13%	259,161	2,472,927	23,826	
	TransAsia Airways Corp.	Taipei City	Aviation Services	47,581	47,581	4,360,832	0.57%	-	-	-	Note 1
	Chung Po Rental Co., Ltd.	New Taipei City	Mini-Storage rental services	30,000	30,000	3,000,000	100.00%	27,442	78	78	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	70,000	70,000	2,121,212	5.79%	67,468	(27,950)	(1,735)	
Gowin Building Management and Maintenance Co., Ltd.	Gowin Security Co., Ltd.	Taipei City	Corporate security guarding services	40,000	40,000	4,000,000	100.00%	83,711	22,493	22,493	
	Kuo Hsing Security Co., Ltd.	Taipei City	Corporate security guarding services	12,515	12,515	506,692	1.45%	16,294	189,666	3,053	
	TransAsia Airways Corp.	Taipei City	Aviation Services	19,639	19,639	2,101,872	0.28%	-	-	-	Note 1
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	65,894	72,599	3,979,913	0.34%	68,444	2,472,927	7,259	
	Goyun Parking Co., Ltd.	Taipei City	Car parking lot services	50,000	50,000	5,000,000	100.00%	46,760	1,703	1,703	
Babyboss Co., Ltd.	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	66,118	77,509	6,760,906	0.57%	115,664	2,472,927	13,284	
Lee Way Electronics Co., Ltd.	Lee Yuan Biomedical Co., Ltd.	Taipei City	Medical equipment and AED rental services	30,000	30,000	5,000,000	100.00%	79,510	22,611	22,611	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	50,000	50,000	1,515,152	4.13%	34,852	(27,950)	(1,236)	
Lee Bao Security Co., Ltd.	Lee Bao Technology Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	50,000	50,000	5,000,000	100.00%	25,724	864	864	
Aion Computer Communication Co., Ltd.	Peregrine Soleil Asset Holdings Limited	British Virgin Islands.	Investment holding	-	189,961	-	-	-	-	-	
	Brightron Technology and Engineering Corporation (2019: LITENET Corporation)	Taipei City	Light controlling system services	81,623	81,623	6,132,000	23.37%	102,671	21,756	6,311	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	29,866	9,427	1,614,811	0.14%	36,104	2,472,927	2,710	
	Epic Tech Taiwan Inc.	Taipei City	Property management platform	7,800	-	780,000	19.50%	6,486	(6,736)	(1,288)	
Peregrine Soleil Asset Holdings Limited	GC&C Holdings Limited	Cayman Islands	Investment holding	-	189,691	-	-	-	-	-	
Taiwan Video System Co., Ltd.	TVS Germany GmbH	Germany	Sales of digital signage, monitors, and etc.	-	5,917	-	-	-	-	-	
TransAsia Catering Service Ltd.	Global Food Co., Ltd.	Taoyuan City	Retail of food product	18,000	18,000	1,800,000	30.00%	23,242	8,782	2,635	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	152,126	-	7,476,574	0.63%	159,661	2,472,927	8,760	
CHOPPA Tech Co., Ltd.	Livingplus Food and Beverage Co., Ltd. (2019: Zhan Food Team Inc.)	Taipei City	Catering services	6,404	43,000	700,000	8.75%	1,139	(24,759)	(5,850)	

Attachment 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, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2020
					Outflow	Inflow						
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 4,850	(2)	-	-	-	-	-	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 USD360	-	(12,674) USD(360) (Note 4)	-	-	-	-	-	-

Accumulated Investment in Mainland China as of 2020-12-31	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
$-	$120,801	$6,599,455

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 2008. 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.

Attachment 8

Major Shareholders Information

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

Shares Name	Number of shares	Percentage of ownership (%)
SECOM CO. LTD	123,110,870	27.28%
Shin Kong Life Insurance Co., Ltd	38,718,205	8.58%

6-5. Latest Individual Financial Statements of the Company Audited and Certified by CPAs

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, 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, and its financial performance and cash flows for the years ended December 31, 2020 and 2019, 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 2020 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.

<u>Revenue Recognition</u>

Revenue recognized by the Company amounted to NT$7,008,878 thousand for the year ended December 31, 2020, 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 2020 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.

Yu, Chien-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan
March 19, 2021

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.

English Translation of Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2020 and December 31, 2019
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of December 31, 2020 Amount	%	As of December 31, 2019 Amount	%
Current assets					
Cash and cash equivalents	4 and 6	$916,291	5	$1,011,839	5
Financial assets at fair value through profit or loss, current	4 and 6	-	-	5,367	-
Financial assets at fair value through other comprehensive income, current	4 and 6	20,312	-	22,378	-
Contract assets, current	4 and 6	18,803	-	25,471	-
Notes receivable, net	4 and 6	143,407	1	151,127	1
Notes receivable from related parties, net	4, 6 and 7	581	-	623	-
Accounts receivable, net	4 and 6	565,332	3	506,259	3
Accounts receivable from related parties, net	4, 6 and 7	98,624	-	104,067	1
Finance lease receivables, net	4 and 6	60,283	-	47,211	-
Inventories, net	4 and 6	162,284	1	105,093	1
Prepayments		324,776	2	286,345	2
Other current assets		65,119	-	57,269	-
Total current assets		2,375,812	12	2,323,049	13
Non-current assets					
Financial assets at fair value through other comprehensive income, non-current	4 and 6	48,359	-	80,952	-
Financial assets measured at amortised cost, non-current	4, 6 and 8	11,500	-	11,500	-
Investments accounted for under the equity method	4 and 6	9,527,725	50	9,029,272	49
Property, plant and equipment	4, 6 and 7	4,782,198	25	4,856,574	26
Right-of-use assets, net	4 and 6	230,393	1	169,316	1
Investment property, net	4 and 6	282,126	2	282,353	2
Intangible assets	4 and 6	69,251	-	64,428	-
Deferred tax assets	4 and 6	331,407	2	315,462	2
Prepayment for equipment		1,031,041	6	1,004,709	5
Refundable deposits	7	217,556	1	217,139	1
Long-term receivables	6	33,292	-	33,505	-
Long-term financial lease receivables	4 and 6	156,253	1	132,209	1
Other assets, non-current	8	3,792	-	5,834	-
Total non-current assets		16,724,893	88	16,203,253	87
Total assets		$19,100,705	100	$18,526,302	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 BALANCE SHEETS
December 31, 2020 and December 31, 2019
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of December 31, 2020 Amount	%	As of December 31, 2019 Amount	%
Current liabilities					
Short-term loans	4 and 6	$1,400,000	7	$3,000,000	16
Contract liabilities, current	4 and 6	1,170,597	6	1,153,044	6
Notes payable		152,566	1	147,877	1
Accounts payable		150,035	1	221,311	1
Accounts payable to related parties	7	102,019	-	78,739	1
Other payables	7	553,400	3	546,017	3
Current tax liabilities	4 and 6	177,566	1	149,087	1
Lease liabilities, current	6	123,167	1	77,370	-
Current portion of long-term loans	4 and 6	126,000	1	184,000	1
Other current liabilities		68,111	-	68,930	-
Total current liabilities		4,023,461	21	5,626,375	30
Non-current liabilities					
Contract liabilities, non-current	4 and 6	30,432	-	-	-
Long-term loans	4 and 6	1,740,000	9	166,000	1
Provisions, non-current	4	7,200	-	7,200	-
Lease liabilities, non-current	6	106,262	1	91,497	1
Long-term notes payables and accounts payables	4	29,972	-	-	-
Net defined benefit liabilities, non-current	4 and 6	1,325,021	7	1,305,500	7
Guarantee deposits	6	598,789	3	590,434	3
Other liabilities, non-current	4 and 6	-	-	80	-
Total non-current liabilities		3,837,676	20	2,160,711	12
Total liabilities		7,861,137	41	7,787,086	42
Equity attributable to the parent					
Capital					
Common stock	6	4,511,971	24	4,511,971	25
Additional paid-in capital	6	813,963	4	763,317	4
Retained earnings	6		-		-
Legal reserve		3,741,171	20	3,527,515	19
Special reserve		58,666	-	170,798	1
Unappropriated earnings		2,502,570	13	2,112,670	11
Other components of equity	4 and 6	(100,384)	-	(58,666)	-
Treasury stock	4 and 6	(288,389)	(2)	(288,389)	(2)
Total equity		11,239,568	59	10,739,216	58
Total liabilities and equity		$19,100,705	100	$18,526,302	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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2020 Amount	2020 %	2019 Amount	2019 %
Operating revenue	4, 6 and 7	$7,044,289	101	$7,020,708	100
Less : Sales returns and allowances	6	(35,411)	(1)	(30,259)	-
Net revenue		7,008,878	100	6,990,449	100
Operating costs	6 and 7	(3,570,729)	(51)	(3,550,573)	(51)
Gross profit		3,438,149	49	3,439,876	49
Operating expenses	6 and 7				
Sales and marketing expenses		(617,308)	(9)	(628,033)	(9)
General and administrative expenses		(1,086,175)	(15)	(1,110,358)	(16)
Research and development expenses		(107,329)	(2)	(102,243)	(2)
Expected credit losses		(6,448)	-	(11,668)	-
Subtotal		(1,817,260)	(26)	(1,852,302)	(27)
Operating income		1,620,889	23	1,587,574	22
Non-operating income and loss					
Interest income	6	3,101	-	2,836	-
Other income	6	91,776	1	85,433	1
Other gains and losses	6	(64,752)	(1)	(42,658)	-
Finance costs	6	(23,524)	-	(25,540)	(1)
Share of profit or loss of associates accounted for using the equity method		1,086,681	16	827,653	12
Subtotal		1,093,282	16	847,724	12
Income before income tax		2,714,171	39	2,435,298	34
Income tax expenses	4 and 6	(325,271)	(5)	(298,737)	(4)
Net income		2,388,900	34	2,136,561	30
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	6	(82,388)	(1)	(83,624)	(1)
Unrealized gains on financial assets at fair value through other comprehensive income	6	(18,771)	-	54,396	1
Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss	6	(41,194)	(1)	72,614	1
Income tax related to items that will not be reclassified	6	9,887	-	10,035	-
Items that may be reclassified subsequently to profit or loss					
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss	6	(1,940)	-	(3,804)	-
Total other comprehensive (loss) income, net of tax		(134,406)	(2)	49,617	1
Total comprehensive income		$2,254,494	32	$2,186,178	31
Earnings per share (NT$)	4 and 6				
Basic earnings per share		$5.42		$4.85	
Diluted earnings per share		$5.41		$4.84	

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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

			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 income**	**Treasury Stock**	**Total Equity**
Balance as of January 1, 2019	$4,511,971	$724,912	$3,322,832	$131,578	$2,087,315	$(98,853)	$(71,945)	$(288,389)	$10,319,421
Appropriations and distributions of 2018 unappropriated earnings									
Legal reserve	-	-	204,683	-	(204,683)	-	-	-	-
Special reserve	-	-	-	39,220	(39,220)	-	-	-	-
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	-	(568)	-	-	-	-	-	-	(568)
Net income in 2019	-	-	-	-	2,136,561	-	-	-	2,136,561
Other comprehensive (loss) income, net of tax in 2019	-	-	-	-	(87,783)	(3,804)	141,204	-	49,617
Total comprehensive income	-	-	-	-	2,048,778	(3,804)	141,204	-	2,186,178
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	25,268	-	(25,268)	-	-
Parent company's cash dividends received by subsidiaries	-	38,973	-	-	-	-	-	-	38,973
Balance as of December 31, 2019	$4,511,971	$763,317	$3,527,515	$170,798	$2,112,670	$(102,657)	$43,991	$(288,389)	$10,739,216
Balance as of January 1, 2020	$4,511,971	$763,317	$3,527,515	$170,798	$2,112,670	$(102,657)	$43,991	$(288,389)	$10,739,216
Appropriations and distributions of 2019 unappropriated earnings									
Legal reserve	-	-	213,656	-	(213,656)	-	-	-	-
Special reserve	-	-	-	(112,132)	112,132	-	-	-	-
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	-	11,660	-	-	-	-	-	-	11,660
Net income in 2020	-	-	-	-	2,388,900	-	-	-	2,388,900
Other comprehensive (loss) income, net of tax in 2020	-	-	-	-	(97,430)	(1,940)	(35,036)	-	(134,406)
Total comprehensive income	-	-	-	-	2,291,470	(1,940)	(35,036)	-	2,254,494
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	4,742	-	(4,742)	-	-
Parent company's cash dividends received by subsidiaries	-	38,986	-	-	-	-	-	-	38,986
Balance as of December 31, 2020	$4,511,971	$813,963	$3,741,171	$58,666	$2,502,570	$(104,597)	$4,213	$(288,389)	$11,239,568

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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

Description	2020	2019
Cash flows from operating activities:		
Profit before tax from continuing operations	$2,714,171	$2,435,298
Net income before tax	2,714,171	2,435,298
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Expected credit losses	6,448	11,668
Depreciation	1,022,044	1,005,197
Amortization	43,541	47,590
Interest expense	23,524	25,540
Interest income	(3,101)	(2,836)
Dividend income	(684)	(5,160)
Share of gain of associates and accounted for using the equity method	(1,086,681)	(827,653)
Gain on lease modification	(4)	(43)
Loss of financial assets at fair value through profit or loss	(232)	(382)
Loss on disposal of property, plant and equipment	(31)	11,135
Loss on disposal of investments	-	428
Impairment loss	41,615	-
Changes in operating assets and liabilities:		
Contract assets	6,668	4,699
Notes receivable, net	7,720	36,865
Notes receivable from related parties, net	42	1,008
Accounts receivable, net	(65,521)	(52,624)
Accounts receivable from related parties, net	5,443	(4,993)
Finance lease receivables	(37,117)	(23,892)
Long-term receivables	213	(2,872)
Contract liabilities	47,985	18,067
Inventories, net	(110,030)	(83,385)
Prepayments	(38,431)	28,526
Other current assets	(7,850)	9,273
Notes payable	16,034	(75,070)
Accounts payable	(41,304)	3,085
Accounts payable to related parties	11,937	(17,307)
Other payables	7,383	13,996
Other current liabilities	(819)	(57,278)
Net defined liabilities, non-current	(62,867)	(87,809)
Cash generated from operations	2,500,096	2,411,071
Interest received	3,101	2,836
Interest paid	(21,020)	(23,055)
Income tax paid	(302,852)	(362,240)
Net cash provided by operating activities	2,179,325	2,028,612
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(25,410)	(131,522)
Disposal of financial assets at fair value through other comprehensive income	21,798	387,255
Capital deducted by cash of financial assets at fair value through other comprehensive income	19,500	14,583
Disposal of financial assets at fair value through income	5,599	-
Acquisition of investments accounted for using the equity method	(56,606)	-
Disposal of investments accounted for using the equity method	-	8,901
Capital deducted by cash of investments accounted for using the equity method	130,668	20,568
Acquisition of property, plant and equipment	(774,488)	(670,156)
Proceeds from disposal of property, plant and equipment	8,646	9,683
Acquisition of intangible assets	(48,364)	(38,821)
Increase in prepayment for equipment	(26,332)	(221,638)
Increase (decrease) in refundable deposits	(417)	10,835
Decrease (increase) in other assets	2,042	(2,830)
Dividends received	480,666	560,342
Net cash used in investing activities	(262,698)	(52,800)
Cash flows from financing activities:		
(Decrease) increase in short-term loans	(1,600,000)	650,000
Increase in long-term loans	1,700,000	-
Decrease in long-term loans	(184,000)	(684,000)
Increase in guarantee deposits	8,249	5,208
Cash payments for the principal portion of lease liability	(131,636)	(120,728)
Cash dividends paid	(1,804,788)	(1,804,788)
Net cash used in financing activities	(2,012,175)	(1,954,308)
Net (decrease) increase in cash and cash equivalents	(95,548)	21,504
Cash and cash equivalents at beginning of year	1,011,839	990,335
Cash and cash equivalents at end of year	$916,291	$1,011,839

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, 2020 AND 2019
(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..

The Company changed the Chinese name and was approved by Taipei City Government on July 23, 2019.

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

The parent company only financial statements of the Company for the years ended December 31, 2020 and 2019 were authorized for issue by the Board of Directors on March 19, 2021.

3. Newly issued or revised standards and interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2020. Apart from the nature and impact of the new standard and amendment is described below, the remaining new standards and amendments had no material impact on the Company.

The Company elected to early apply Covid-19-Related Rent Concessions (Amendment to IFRS 16) which is recognized by FSC for annual periods beginning on or after January 1, 2020, and in accordance with the requirements of the transition. For the rent concession arising as a direct consequence of the covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted it as a variable lease payment. Please refer to Note 6 for disclosure related to the lessee which required by the amendment.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 1, 2021

(a) Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

The final phase amendments mainly relate to the effects of the interest rate benchmark reform on the companies' financial statements:

A. A company will not have to derecognise or adjust the carrying amount of financial instruments for changes to contractual cash flows as required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
B. A company will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
C. A company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2021 have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	January 1, 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	January 1, 2022
e	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	January 1, 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	January 1, 2023

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

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

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

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

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.

IFRS 17 was issued in May 2017 and it was amended in June 2020. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

(d) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential “day 2” gains or losses arising for liabilities and contingent liabilities. Besides, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee’s leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

(e) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(f) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and

Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company 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 (d)~(f), it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2020 and 2019 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* 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 time deposits (including ones that have maturity within three months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(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* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial instruments: Recognition and Measurement

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

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

a. the Company's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

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. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

B. Impairment of financial assets

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

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

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

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

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

C. Derecognition of financial assets

A financial asset is derecognized when:

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

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

D. Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at 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 liabilities or financial assets and financial liabilities 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.

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

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

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

<u>Derecognition of financial liabilities</u>

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.

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 pro rata 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*. 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
Right-of-use assets/leased assets	1~15 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

The Company's owned 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, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16.

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.

The Company transfers to or from investment properties when there is a change in use for these assets. 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

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

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

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

<u>Company as a lessee</u>

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

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

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

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

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

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

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

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

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

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

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

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

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

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

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

(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 groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

(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.

(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 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 Company provides services over the contract period, the customers simultaneously receive and consume the benefits provided by the Company. 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 IAS 37.

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

(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.

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.

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

Deferred 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.

C. Significant influence of affiliated enterprises

The Company holds less than 20% voting rights in some certain affiliated enterprises. However, after taking into consideration that the Company has the representation on the board of directors or equivalent governing body of the investee and other factors over certain affiliated enterprises. The Company has significant influence. Please refer to Note 6 for further details.

(2) Estimates and assumptions

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

A. Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash 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. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis.

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'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, 2020.

E. Accounts receivables–estimation of impairment loss

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.

6. Contents of Significant Accounts

(1) Cash and cash equivalents

	As of December 31,	
	2020	2019
Petty cash	$5,835	$5,875
Checking and saving accounts	440,466	926,025
Cash Equivalent	469,990	79,939
Total	$916,291	$1,011,839

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

	As of December 31,	
	2020	2019
Financial assets designated at fair value through profit or loss:		
Fund	$-	$5,367
Current	$-	$5,367
Non-current	-	-
Total	$-	$5,367

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,	
	2020	2019
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	$20,312	$22,378
Unlisted companies stocks	48,359	80,952
Total	$68,671	$103,330
Current	$20,312	$22,378
Non-current	48,359	80,952
Total	$68,671	$103,330

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

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended December 31, 2020 and 2019 are NT$684 thousand and NT$5,160 thousand, respectively.

In consideration of the Company's investment strategy, the Company disposed and derecognized partial equity instrument investments measured at fair value through other comprehensive income. Details on derecognition of such investments for the years ended December 31, 2020 and 2019 are as follow:

	For the years ended December 31,	
	2020	2019
The fair value of the investments at the date of derecognition	$21,798	$387,255
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	2,295	10,804

(4) Financial assets measured at amortized cost

	As of December 31,	
	2020	2019
Time deposits	$11,500	$11,500
Less: loss allowance	-	-
Total	$11,500	$11,500
Current	$-	$-
Non-current	11,500	11,500
Total	$11,500	$11,500

The financial assets as measured at amortized cost were not pledged. Please refer to Note 6(18) for more details on loss allowance and Note 12 for more details on credit risk.

(5) Notes receivable

	As of December 31,	
	2020	2019
Notes receivable arising from operating activities	$143,407	$151,127
Less: loss allowance	-	-
Subtotal	143,407	151,127
Notes receivable from related parties	581	623
Less: loss allowance	-	-
Subtotal	581	623
Total	$143,988	$151,750

Notes receivable were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(18) for more details on loss allowance and Note 12 for details on credit risk.

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

	As of December 31,	
	2020	2019
Accounts receivable	$584,907	$524,586
Less: loss allowance	(19,575)	(18,327)
Subtotal	565,332	506,259
Accounts receivable from related parties	98,624	104,067
Less: loss allowance	-	-
Subtotal	98,624	104,067
Long-term receivables	33,292	33,505
Less: loss allowance	-	-
Subtotal	33,292	33,505
Total	$697,248	$643,831

Accounts receivable were not pledged.

Trade receivables are generally on 30-90 day terms. The total carrying amount as of

December 31, 2020 and 2019 are NT$716,823 thousand and NT$662,158 thousand, respectively. Please refer to Note 6(18) for more details on loss allowance of trade receivables for the years ended December 31, 2020 and 2019. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31,	
	2020	2019
Merchandise inventories	$162,284	$105,093

The cost of inventories recognized in expenses amounts to NT$478,274 thousand and NT$477,212 thousand for the years ended December 31, 2020 and 2019, respectively, including the write-down of inventories of NT$0 thousand.

Inventory valuation losses were not recognized for the years ended December 31, 2020 and 2019.

Inventories were not pledged.

(8) Investments accounted for under the equity method

	As of December 31,			
	2020		2019	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Speed Investment Co., Ltd.	$2,918,916	100	$2,700,922	100
Lee Bao Security Co., Ltd.	1,290,363	100	1,121,557	100
Goyun Security Co., Ltd.	534,778	100	503,811	100
Chung Hsing E-Guard Co., Ltd.	57,386	100	10,580	100
Goldsun Express & Logistics Co., Ltd.	667,186	100	638,074	100
Kuohsing Security Co., Ltd.	549,050	84	525,374	84
Goyun Building Management Services Co., Ltd.	481,556	81	436,225	81
Aion Technology Inc.	189,521	74	185,028	74
Zhong Bao Insurance Broker Inc.	18,313	60	17,580	60
Taiwan Video System Co., Ltd.	25	36	-	36
Lee Way Electronics Co., Ltd.	144,122	34	143,747	34
Lots Home Entertainment Co., Ltd.	27,528	21	70,362	21
TransAsia Catering Services Ltd.	777,939	67	812,393	67
SIGMU D.P.T. Company Ltd.	17,997	22	18,591	22
Subtotal	7,674,680		7,184,244	
Investments in associates:				
Goldsun Building Materials Co., Ltd.	1,541,074	7	1,536,588	6
TransAsia Airways Corp.	-	12	-	12
Tech Elite Holdings Ltd.	-	39	-	39
Anfeng Enterprise Co., Ltd.	13,764	30	13,706	30
Huaya Development Co., Ltd.	298,207	50	294,734	50
Subtotal	1,853,045		1,845,028	
Total	$9,527,725		$9,029,272	

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

	As of December 31,			
	2020		2019	
Investees	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Taiwan Video System Co., Ltd.	$-	36	$(80)	36
Total	$-		$(80)	

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 differences of accounting treatment are adjusted. One of the subsidiaries, Taiwan Video System Co., Ltd. has had credit balance in investment accounted for using equity method and is classified under non-current liabilities.

B. Investments in associates

The Company possessed less than 20% of ownership of Goldsun Building Material Co., Ltd. However, since the key management of the Company is also the chairman of the board of Goldsun Building Materials Co., Ltd. are the same, the significant influence of the Company over the Goldsun Building Materials Co., Ltd. was presumed to exist, and therefore 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 key management 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$1,938,894 thousand and NT$1,294,207 thousand, as of December 31, 2020 and 2019, 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,	
	2020	2019
Current assets	$12,533,765	$14,905,806
Non-current assets	22,195,145	22,139,187
Current liabilities	(6,210,029)	(9,955,912)
Non-current liabilities	(7,188,505)	(5,613,214)
Equity	21,330,376	21,475,867
Non-controlling interests	(1,131,047)	(1,091,518)
Shareholders of the parent	20,199,329	20,384,349
Proportion of the Company's ownership	6.57%	6.49%
Subtotal	1,327,096	1,322,944
Goodwill	222,792	222,792
Others	(8,814)	(9,148)
Carrying amount of the investment	$1,541,074	$1,536,588

	For the years ended December 31,	
	2020	2019
Operating revenue	$18,877,800	$19,005,069
Profit or loss from continuing operations	2,550,807	1,185,961
Other comprehensive income	(199,406)	161,018
Total comprehensive income	$2,351,401	$1,346,979

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$311,971 thousand. The aggregate financial information based on Company's share of other companies is as follows:

	For the years ended December 31,	
	2020	2019
Profit or loss from continuing operations	$4,566	$(755)
Other comprehensive income (post-tax)	-	-
Total comprehensive income	$4,566	$(755)

The associates had no contingent liabilities or capital commitments as of December 31, 2020 and 2019.

The investment value of part of the Company's investments accounted for under the equity method has impaired, and the impairment loss recognized in 2020 and 2019 amounted to NT$41,615 thousand and NT$0 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.

(9) Property, plant and equipment

	As of December 31,	
	2020	2019
Owner occupied property, plant and equipment	$4,782,198	$4,856,574
Property, plant and equipment leased out under operating leases	-	-
Total	$4,782,198	$4,856,574

A. Owner occupied 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, 2020	$1,434,715	$909,530	$294,921	$8,760,122	$494,100	$233,070	$680,997	$12,807,455
Additions	-	-	1,752	672,579	25,033	45,703	29,421	774,488
Disposals	(3,329)	(1,844)	(97,679)	(622,896)	(33,687)	(25,360)	(3,495)	(788,290)
Other changes	-	-	-	52,839	-	-	-	52,839
As of December 31, 2020	$1,431,386	$907,686	$198,994	$8,862,644	$485,446	$253,413	$706,923	$12,846,492
As of January 1, 2019	$1,434,715	$909,530	$320,156	$8,648,367	$488,021	$220,277	$677,888	$12,698,954
Additions	-	-	8,300	574,444	26,690	33,391	27,331	670,156
Disposals	-	-	(33,535)	(533,236)	(20,611)	(20,598)	(24,222)	(632,202)
Other changes	-	-	-	70,547	-	-	-	70,547
As of December 31, 2019	$1,434,715	$909,530	$294,921	$8,760,122	$494,100	$233,070	$680,997	$12,807,455
Depreciation and impairment:								
As of January 1, 2020	$-	$219,616	$271,342	$6,405,494	$426,865	$155,649	$471,915	$7,950,881
Depreciation	-	17,318	5,844	762,251	25,446	26,967	55,262	893,088
Disposals	-	(777)	(97,679)	(622,505)	(32,306)	(24,078)	(2,340)	(779,675)
As of December 31, 2020	$-	$236,157	$179,517	$6,545,240	$420,005	$158,538	$524,837	$8,064,294
As of January 1, 2019	$-	$202,273	$298,451	$6,191,108	$414,363	$148,138	$421,012	$7,675,345
Depreciation	-	17,343	6,426	747,275	25,150	25,245	65,481	886,920
Disposals	-	-	(33,535)	(532,889)	(12,648)	(17,734)	(14,578)	(611,384)
As of December 31, 2019	$-	$219,616	$271,342	$6,405,494	$426,865	$155,649	$471,915	$7,950,881
Net carrying amount as of:								
December 31, 2020	$1,431,385	$671,529	$19,477	$2,317,404	$65,441	$94,875	$182,086	$4,782,198
December 31, 2019	$1,434,715	$689,914	$23,579	$2,354,628	$67,235	$77,421	$209,082	$4,856,574

The major components of the buildings are mainly 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.

(10) Investment property

The Company's investment properties include owned investment properties. The Company has entered into commercial property leases on its owned investment properties with terms of between 1 and 3 years. These leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

	Land	Buildings	Total
Cost:			
As of January 1, 2020	$275,593	$8,130	$283,723
Additions	-	-	-

As of December 31, 2020	$275,593	$8,130	$283,723
As of January 1, 2019	$275,593	$8,130	$283,723
Additions	-	-	-
As of December 31, 2019	$275,593	$8,130	$283,723
Depreciation and impairment:			
As of January 1, 2020	$-	$1,370	$1,370
Depreciation	-	227	227
As of December 31, 2020	$-	$1,597	$1,597
As of January 1, 2019	$-	$1,144	$1,144
Depreciation	-	226	226
As of December 31, 2019	$-	$1,370	$1,370
Net carrying amount as of:			
December 31, 2020	$275,593	$6,533	$282,126
December 31, 2019	$275,593	$6,760	$282,353

	For the years ended December 31,	
	2020	2019
Rental income from investment property	$3,875	$3,875
Less：Direct operating expense generated from rental income of investment property	(227)	(226)
Total	$3,648	$3,649

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$304,943 thousand and NT$294,527 thousand as of December 31, 2020 and 2019, 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 3.39%, 1.77% and 3.78%, 2.00%, respectively.

(11) Intangible assets

	Computer software
Cost:	
As of January 1, 2020	$138,683
Addition-acquired separately	48,364
Reach amortized life	(58,518)
As of December 31, 2020	$128,529
As of January 1, 2019	$160,626
Addition-acquired separately	38,821
Reach amortized life	(60,764)
As of December 31, 2019	$138,683

	Computer software
Amortization and impairment:	
As of January 1, 2020	$74,255
Amortization	43,541
Reach amortized life	(58,518)
As of December 31, 2020	59,278
As of January 1, 2019	$87,429
Amortization	47,590
Reach amortized life	(60,764)
As of December 31, 2019	$74,255
Net carrying amount as of:	
December 31, 2020	$69,251
December 31, 2019	$64,428

Recognized as amortized amount of intangible assets are as follows.

	For the years ended December 31,	
	2020	2019
Operating costs	$7,939	$8,476
Operating expenses	$35,602	$39,114

(12) Short-term loans

		As of December 31,	
	Interest Rates (%)	2020	2019
Unsecured bank loans	0.53%-0.76%	$1,400,000	$3,000,000

The Company's unused short-term lines of credits amount to NT$800,000 thousand and NT$900,000 thousand as of December 31, 2020 and 2019, respectively.

(13) Long-term loans

Details of long-term loans are as follows:

Lenders	As of December 31, 2020	Interest Rates (%)	Maturity date and terms of repayment
Unsecured Long-term Loan Bank of Tokyo Mitsubishi UFJ	$14,000	0.88%-1.20%	Loan starting March 25, 2016 till March 25, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Bank of Tokyo Mitsubishi UFJ	32,000	0.88%-1.20%	Loan starting May 13, 2016 till May 13, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Bank of Tokyo Mitsubishi UFJ	120,000	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.
Sumitomo Mitsui Banking Corporation	500,000	0.85%-0.86%	Loan starting December 18, 2020 till December 16, 2022; repayable at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.93%	Loan starting December 18, 2020 till December 16, 2022; repayable at the maturity date;

			interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.99%	Loan starting December 18, 2020 till December 18, 2023; repayable at the maturity date; interest paid every month
Subtotal	1,866,000		
Less: current portion	(126,000)		
Total	$1,740,000		

Lenders	As of December 31, 2019	Interest Rates (%)	Maturity date and terms of repayment
Unsecured Long-term Loan Bank of Tokyo Mitsubishi UFJ	$62,000	0.88%-1.20%	Loan starting March 25, 2016 till March 25, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Bank of Tokyo Mitsubishi UFJ	88,000	0.88%-1.20%	Loan starting May 13, 2016 till May 13, 2021; repayable every 3 months after 6 months of borrowing; interest paid every 3 months.
Bank of Tokyo Mitsubishi UFJ	200,000	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.
Subtotal	350,000		
Less: current portion	(184,000)		
Total	$166,000		

(14) Guarantee deposits

	As of December 31,	
	2020	2019
Performance security deposit	$453,282	$442,636
Security line deposit	145,507	147,798
Total	$598,789	$590,434

(15) Post-employment benefits

Defined contribution plan

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

Expenses under the defined contribution plan for the years ended December 31, 2020 and 2019 are NT$58,207 thousand and NT$53,480 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company 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 mandating, 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$106,024 thousand to its defined benefit plan during the 12 months beginning after December 31, 2020.

The average durations of the defined benefits plan obligation are 13 years and 12 years as of December 31, 2020 and 2019, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2020 and 2019:

	For the years ended December 31,	
	2020	2019
Current period service costs	$35,437	$37,322
Interest expense (income) of net defined benefit liabilities (assets)	9,922	14,275
Total	$45,359	$51,597

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

	As of December 31,	
	2020	2019
Defined benefit obligation	$1,509,367	$1,439,773
Plan assets at fair value	(184,346)	(134,273)
Other non-current liabilities – Net defined benefit liabilities recognized on the balance sheets	$1,325,021	$1,305,500

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, 2019	$1,359,933	$(50,248)	$1,309,685
Current period service costs	37,322	-	37,322
Net interest expense (income)	14,823	(548)	14,275

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Subtotal	52,145	(548)	51,597
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	4,649	-	4,649
Actuarial gains and losses arising from changes in financial assumptions	53,269	-	53,269
Experience adjustments	27,789	(2,083)	25,706
Subtotal	85,707	(2,083)	83,624
Payments from the plan	(58,012)	58,012	-
Contributions by employer	-	(139,406)	(139,406)
As of December 31, 2019	1,439,773	(134,273)	1,305,500
Current period service costs	35,437	-	35,437
Net interest expense (income)	10,943	(1,021)	9,922
Subtotal	46,380	(1,021)	45,359
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	11,130	-	11,130
Actuarial gains and losses arising from changes in financial assumptions	38,585	-	38,585
Experience adjustments	35,188	(2,515)	32,673
Subtotal	84,903	(2,515)	82,388
Payments from the plan	(61,689)	61,689	-
Contributions by employer	-	(108,226)	(108,226)
As of December 31, 2020	$1,509,367	$(184,346)	$1,325,021

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

	As of December 31,	
	2020	2019
Discount rate	0.44%	0.76%
Expected rate of salary increases	0.93%	1.00%

A sensitivity analysis for significant assumption as of December 31, 2020 and 2019 is, as shown below:

	Effect on the defined benefit obligation			
	2020		2019	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.5%	$-	$76,331	$-	$79,726
Discount rate decreases by 0.5%	112,926	-	94,658	-
Future salary increases by 0.5%	111,681	-	93,740	-
Future salary decreases by 0.5%	-	76,339	-	79,922

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.

(16) 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, 2020 and 2019. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	As of December 31,	
	2020	2019
Additional paid-in capital	$40,387	$40,387
Treasury share transactions	664,396	625,410
Changes in net assets of associates and joint ventures accounted for under the equity method	106,221	94,561
Donated surplus	2,959	2,959
Total	$813,963	$763,317

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

C. Treasury stock

As of December 31, 2020 and 2019, 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, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When distributing earnings, the Company is 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$112,132 thousand special reserve to undistributed earnings. As of December 31, 2020 and 2019, the special reserve were NT$58,666 thousand and NT$170,798 thousand, respectively.

Details of the 2020 and 2019 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 19, 2021 and June 14, 2020, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2020	2019	2020	2019
Legal reserve	$229,621	$213,656		
Special reserve	41,718	(112,132)		
Common stock-cash dividend	2,219,890	1,804,788	$4.92	$4

In addition, the Company's Board of Director approved to distribute cash dividend NT$0.08 per share and the total amount of NT$36,096 thousand from additional paid-in capital on March 19, 2021.

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

(17) Operating revenue

	For the years ended December 31,	
	2020	2019
Revenue from contracts with customers		
Sale of goods revenue	$690,729	$684,185
Rendering of service revenue	6,318,149	6,306,264
Total	$7,008,878	$6,990,449

Analysis of revenue from contracts with customers during the years ended December 31, 2020 and 2019 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2020:

	Electronic System
Sale of goods	$690,729
Rendering of services	6,318,149
Total	$7,008,878
Timing of revenue recognition:	
At a point in time	$690,729
Over time	6,318,149
Total	$7,008,878

For the year ended December 31, 2019:

	Electronic System
Sale of goods	$684,185
Rendering of services	6,306,264
Total	$6,990,449
Timing of revenue recognition:	
At a point in time	$684,185
Over time	6,306,264
Total	$6,990,449

B. Contract balances

a. Contract assets – current

	2020.12.31	2019.12.31	2019.1.1
Rendering of services	$18,803	$25,471	$30,170
Total	$18,803	$25,471	$30,170

Contract assets have decreased during 2020 and 2019 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(18) for more details on the impairment impact.

b. Contract liabilities – current

	2020.12.31	2019.12.31	2019.1.1
Current	$1,170,597	$1,153,044	$1,134,077
Non-Current	30,432	-	-
Total	$1,201,029	$1,153,044	$1,134,077

	2020.12.31	2019.12.31	2019.1.1
Rendering of services	$1,201,029	$1,153,044	$1,134,977
Total	$1,201,029	$1,153,044	$1,134,977

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2020 and 2019 are as follows:

	For the years ended December 31,	
	2020	2019
The opening balance transferred to revenue	$(1,085,462)	$(1,060,707)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,133,447	1,078,774

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT$1,201,029 thousand as of December 31, 2020. Management expects that 87% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2021. The remaining amount will be recognized during the 2022 financial year.

The Company s transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT$1,153,044 thousand as of December 31, 2019. Management expects that 89% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2020. The remaining amount will be recognized during the 2021 financial year.

D. Assets recognized from costs to fulfil a contract

None.

(18) Expected credit losses

	For the years ended December 31,	
	2020	2019
Operating expenses – Expected credit losses		
Contract assets	$-	$-
Trade receivables	6,448	11,668
Subtotal	6,448	11,668
Non-operating income and expenses - Expected credit losses		
Financial assets measured at amortized cost	-	-
Total	$6,448	$11,668

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

The credit risk for the Company's financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period) and the Company only transacts with banks and institutions with good credit rating. Therefore, the loss allowance amounts to NT$0 thousand which is measured at expected credit loss ratio of 0%.

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

A. The gross carrying amount of contract asset is NT$18,803 thousand, and its loss allowance amounts 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:

As of December 31, 2020

Group 1

	Not yet due	Overdue					
	(note)	1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	Total
Gross carrying amount	$1,015,072	$37,541	$7,689	$6,640	$1,622	$8,783	$1,077,347
Loss ratio	0-2%	2-10%	10-30%	30-50%	50-80%	80-100%	
Lifetime expected credit losses	(3,932)	(1,451)	(1,641)	(2,736)	(1,032)	(8,783)	(19,575)
Total	$1,011,140	$36,090	$6,048	$3,904	$590	$-	$1,057,772

As of December 31, 2019

Group 1

	Not yet due	Overdue					
	(note)	1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	Total
Gross carrying amount	$928,299	$47,853	$6,308	$5,178	$1,092	$4,598	$993,328
Loss ratio	0-2%	2-10%	10-30%	30-50%	50-80%	80-100%	
Lifetime expected credit losses	(5,790)	(2,707)	(1,715)	(2,660)	(857)	(4,598)	(18,327)
Total	$922,509	$45,146	$4,593	$2,518	$235	$-	$975,001

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

The movement in the loss allowance of trade receivables during the years ended December 31, 2020 and 2019 are as follows:

	Accounts receivables	Notes receivable	Others (Note)
Balance as of January 1, 2020	$18,327	$-	$-
Addition/(reversal) for the current period	6,448	-	-
Write off	(5,200)	-	-
Balance as of December 31, 2020	$19,575	$-	$-
Balance as of January 1, 2019	$14,516	$-	$-
Addition/(reversal) for the current period	11,668	-	-
Write off	(7,857)	-	-
Balance as of December 31, 2019	$18,327	$-	$-

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

(19) Leases

A. Company as a lessee

The Company leases various properties, including real estate such as land and buildings, transportation equipment and other equipment. The lease terms range from one to five years.

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

a. Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2020	2019
Land	$226,205	$163,261
Transportation equipment	4,188	6,055
Total	$230,393	$169,316

During the years ended December 31, 2020 and 2019, the Company's additions to right-of-use assets amount are NT$190,589 thousand and NT$61,423 thousand, respectively.

(ii) Lease liabilities

	As of December 31,	
	2020	2019
Lease liabilities	$229,429	$168,867
Current	$123,167	$77,370
Non-current	106,262	91,497

Please refer to Note 6(21)(4) for the interest on lease liabilities recognized during the years ended December 31, 2020 and 2019 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2020 and 2019.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2020	2019
Land	$124,404	$112,926
Transportation equipment	4,325	5,125

Total	$128,729	$118,051

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2020	2019
The expenses relating to short-term leases	$14,159	$27,665
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	6,105	7,716
Total	$20,264	$35,381

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company recognized as reduction in rental expenses for the year ended December 31, 2020 was NT$89 thousand , to reflect changes in lease payments that arise from such rent concessions to which the Company has applied the practical expedient.

d. Cash outflow relating to leasing activities

During the years ended December 31, 2020 and 2019, the Company's total cash outflows for leases amounting to NT$151,900 thousand and NT$156,109 thousand, respectively.

e. Other information relating to leasing activities

(iii) Extension and termination options

Some of the Company's agreement (e.g. property rental agreement) contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Company has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Company. After the commencement date, the Company reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Company is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

B. Company as a lessor

Please refer to Note 6(10) for details on the Company's owned investment properties.

Leases of owned investment properties are classified as operating leases as they do not transfer substantially all the risks and rewards incidental to ownership of underlying assets.

The Company has entered into leases on certain equipment with lease terms range from one to five years. These leases are classified as finance leases as they transfer substantially all the risks and rewards incidental to ownership of underlying assets.

	For the years ended December 31,	
	2020	2019
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	$16,404	$19,576
Subtotal	16,404	19,576
Lease income for finance leases		
Selling profit or loss	7,599	928
Finance income on the net investment in the lease	4,832	4,419
Subtotal	12,431	5,347
Total	$28,835	$24,923

Please refer to Note 6(9) for relevant disclosure of property, plant and equipment for operating leases under IFRS 16. For operating leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2020 and 2019 are as follow:

	As of December 31,	
	2020	2019
Not later than one year	$14,797	$8,443
Later than one year but not later than two years	6,529	3,909
Later than two years but not later than three years	2,940	1,848
Later than three years but not later than four years	2,593	1,560
Later than four years but not later than five years	2,280	1,273
Later than five years	400	1,760
Total	$29,539	$18,793

For finance leases entered by the Company, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2020 and 2019 are as follow:

	As of December 31,	
	2020	2019
Not later than one year	$65,062	$51,210
Later than one year but not later than two years	57,403	46,392
Later than two years but not later than three years	56,765	38,734
Later than three years but not later than four years	33,555	38,096
Later than four years but not later than five years	14,848	14,886
Later than five years	-	-
Total undiscounted lease payments	227,633	189,318
Less: Unearned finance income to finance leases	(11,097)	(9,898)
Less: loss allowance	-	-

Net investment in the lease (Finance lease receivables)	$216,536	$179,420
Current	$60,283	$47,211
Non-current	156,253	132,209

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

	For the years ended December 31,					
	2020			2019		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$949,711	$874,164	$1,823,875	$939,816	$861,752	$1,801,568
Labor and health insurance	90,538	80,942	171,480	88,095	78,109	166,204
Pension	57,236	46,330	103,566	58,187	46,890	105,077
Remuneration to directors	-	121,922	121,922	-	111,294	111,294
Other employee benefits expense	39,797	28,960	68,757	30,377	22,113	52,490
Depreciation	835,358	186,686	1,022,044	814,668	190,529	1,005,197
Amortization	7,939	35,602	43,541	8,476	39,114	47,590

The headcount of the Company were 2,442 and 2,471, including 7 and 11 non-employee directors as of ended December 31, 2020 and 2019, respectively.

The average employee benefits expenses of the Company were NT$891 thousand and NT$865 thousand for the years ended December 31, 2020 and 2019, respectively. The average employee salaries expenses of the Company were NT$749 thousand and NT$732 thousand; for the years ended December 31, 2020 and 2019, respectively the average rate of change of the employee salaries was 2%.

The Company has established the Audit Committee in replacement of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2020 and 2019 were both nil.

The Company set the policy for directors and employees' compensation in the Company's Articles of Incorporation and established the Remuneration Committee to evaluate and monitor the Company's remuneration system for its directors and managers. The performance evaluation and remuneration of directors and managers will be refer to the level of the industry, and consider the individual contribution including the result of individual performance evaluation, the responsibilities assumed, achievement of personal goals etc., and based on the Company's short-term and long-term business goals, the company's financial status and company's operating performance etc. The compensation of directors and managers must be approved by the Remuneration Committee and reported to the Board of Directors for resolution.

The performance evaluation and remuneration of directors and managers should refer to the level of the industry, and consider the results of individual performance evaluation, the time invested, the responsibilities assumed, the achievement of personal goals, the performance of other positions, and the salary that the company has given to the same position in recent years Remuneration, including the achievement of the company's short-term and long-term business goals, the company's financial status, etc., assess the rationality of the relationship between personal performance and company operating performance and future risks.

The Company developed a comprehensive employee welfare system in accordance with laws, government regulations and regional needs to provide employees with competitive salary and welfare conditions. Employees' compensation includes monthly salary, bonus based on operation performance, and the compensation based on the Company's earnings performance and regulated by the articles. The Company conducts a performance evaluation of all employees every year to understand their job performance and uses such information as a reference for promotions, training and distributing compensation.

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, 2020, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2020 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, 2020 amount to NT$28,528 thousand and NT$114,112 thousand, respectively and recognized as salaries expense.

A resolution was passed at a Board of Directors meeting held on March 19, 2021 to distribute NT$28,568 thousand and NT$114,272 thousand in cash as employees' compensation and remuneration to directors of 2020, respectively.

No material differences exist between the estimated amount and the actual distribution of NT$25,645 thousand and NT$102,582 thousand in cash as the employees' compensation and remuneration to directors for the year ended December 31, 2019.

(21) Non-operating income and expenses

A. Interest Income

	For the years ended December 31,	
	2020	2019
Financial assets measured at amounted cost	$114	$118
Cash in bales	2,551	2,247
Others	436	471
Total	$3,101	$2,836

B. Other income

	For the years ended December 31,	
	2020	2019
Rental income	$16,404	$19,576
Dividend income	684	5,160
Other income	74,688	60,697
Total	$91,776	$85,433

C. Other gains and losses

	For the years ended December 31,	
	2020	2019
Gain (loss) on disposal of property, plant and equipment	$31	$(11,135)
Loss on disposal of investments	-	(428)
Foreign exchange gain, net	1,089	601
Impairment loss	(41,615)	-
Miscellaneous gain	(24,493)	(32,121)
Gain on financial assets at fair value through profit (Note 1)	232	382
Gain on lease modification	4	43
Total	$(64,752)	$(42,658)

Note 1: Loss on financial assets at fair value through profit or loss was arising from financial assets designated at fair value through profit or loss.

D. Finance costs

	For the years ended December 31,	
	2020	2019
Interest on borrowings from bank	$21,020	$23,055
Interest on lease liabilities	2,397	2,271
Total interest expenses	23,417	25,326
Interest for deposits received	107	214
Total finance costs	$23,524	$25,540

(22) Components of other comprehensive income

For the year ended December 31, 2020

	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	$(82,388)	$-	$(82,388)	$9,887	$(72,501)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	(18,771)	-	(18,771)	-	(18,771)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(41,194)	-	(41,194)	-	(41,194)
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(1,940)	-	(1,940)	-	(1,940)
Total of other comprehensive (loss) income	$(144,293)	$-	$(144,293)	$9,887	$(134,406)

For the year ended December 31, 2019

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax relating to components of other comprehensive income	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(83,624)	$-	$(83,624)	$10,035	$(73,589)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	54,396	-	54,396	-	54,396
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	72,614	-	72,614	-	72,614
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(3,804)	-	(3,804)	-	(3,804)
Total of other comprehensive (loss) income	$39,582	$-	$39,582	$10,035	$49,617

(23) Income tax

The major components of corporate income tax expense for the years ended December 31, 2020 and 2019 are as follows:

<u>Income tax expense (income) recognized in profit or loss</u>

	For the years ended December 31, 2020	2019
Current income tax expense (income):		
Current income tax charge	$329,413	$301,249
Adjustments in respect of current income tax of prior periods	1,916	(1,899)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination	(6,058)	(613)

	2020	2019
and reversal of temporary differences		
Total income tax expense (income)	$325,271	$298,737

Income tax relating to components of other comprehensive income

	For the years ended December 31, 2020	2019
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$(9,887)	$(10,035)

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, 2020	2019
Accounting profit before tax from continuing operations	$2,714,171	$2,435,298
Tax at the domestic rates applicable to profits in the country concerned	$542,834	$487,060
Tax effect of revenues exempt from taxation	(217,401)	(168,905)
Investment tax credit	(7)	(77)
Tax effect of deferred tax assets / liabilities	(10,458)	(17,442)
Corporate income surtax on undistributed retained earnings	8,387	-
Adjustments in respect of current income tax of prior periods	1,916	(1,899)
Total income tax expense recognized in profit or loss	$325,271	$298,737

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2020

	Beginning balance as of January 1, 2020	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2020
Temporary differences				
Unrealized bad debt expense	$2,010	$146	$-	$2,156
Depreciation difference for tax purpose	11,242	(294)	-	10,948
Compensated absences	7,453	-	-	7,453
Decommissioning costs	1,440	-	-	1,440
Impairment losses	135,434	13,752	-	149,186
Defined benefit liabilities, non-current	157,883	(7,546)	9,887	160,224
Deferred tax (expense)/income		$6,058	$9,877	
Net deferred tax assets/(liabilities)	$315,462			$331,407
Reflected in balance sheet as follows:				
Deferred tax assets	$315,462			$331,407

For the year ended December 31, 2019

	Beginning balance as of January 1, 2019	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2019
Temporary differences				

Unrealized bad debt expense	$1,285	$725	$-	$2,010
Depreciation difference for tax purpose	11,536	(294)	-	11,242
Compensated absences	7,153	300	-	7,453
Decommissioning costs	1,440	-	-	1,440
Impairment losses	125,015	10,419	-	135,434
Defined benefit liabilities, non-current	158,385	(10,537)	10,035	157,883
Deferred tax (expense)/income		$613	$10,035	
Net deferred tax assets/(liabilities)	$304,814			$315,462
Reflected in balance sheet as follows:				
Deferred tax assets	$304,814			$315,462

Unrecognized deferred tax assets

As of December 31, 2020 and 2019, deferred tax assets that have not been recognized amount to NT$132,645 thousand and NT$136,511 thousand, respectively.

The assessment of income tax returns

As of December 31, 2020, 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 2018	-

(24) 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,	
	2020	2019
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$2,388,900	$2,136,561
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	440,923	440,923
Basic earnings per share (NT$)	$5.42	$4.85

	For the years ended December 31,	
	2020	2019
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	$2,388,900	$2,136,561
Employee bonus (in thousands)	-	-

Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	$2,388,900	$2,136,561
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	440,923	440,923
Effect of dilution:		
Employee bonus-stock (in thousands)	322	291
Weighted average number of ordinary shares outstanding after dilution (in thousands)	441,245	441,214
Diluted earnings per share (NT$)	$5.41	$4.84

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.	Entity with joint control or significant influence over the Company
Speed Investment Co., Ltd.	Subsidiary
Lee Bao Security Co., Ltd.	Subsidiary
Goyun Security Co., Ltd.	Subsidiary
Chung Hsing E-Guard Co., Ltd.	Subsidiary
Goldsun Express & Logistics Co., Ltd	Subsidiary
Kuohsing Security Co., Ltd.	Subsidiary
Gowin Building Management and Maintenance Co., Ltd.	Subsidiary
Aion Technologies 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
Babyboss Co., Ltd.	Subsidiary
Goldsun Express Ltd.	Subsidiary
Brightron Technology and Engineering Corporation (2019: Litenet Corporation)	Subsidiary
CHOPPA Tech Co., Ltd.	Subsidiary
Guoyun Technology Co., Ltd.	Subsidiary
Comlink Fire Systems Inc.	Subsidiary
SIGMU D.P.T. Company Ltd.	Subsidiary
Chung Po Rental Co., Ltd. (2019: Zhong Bao Lease Co., Ltd.)	Subsidiary
Lee Yuan Biomedical Co., Ltd.	Subsidiary
Goyun Parking Co., Ltd.	Subsidiary

Related Party Name	The Relationship with the Company
Living Plus Food & Beverage Co., Ltd. (2019: Zhan Food Team Inc.)	Subsidiary
Sunseap Solutions Taiwan Limited	Subsidiary
Jiansheng International Co., Ltd.	Subsidiary
Epic Tech Taiwan Inc.	Subsidiary
Sphvinx Foods Company Limited	Subsidiary
Goldsun Building Materials Co., Ltd.	Associate
Anfeng Enterprise Co., Ltd.	Associate
Wellpool Co., Ltd.	Associate
Raixin Quality products Ltd.	Associate
Kunyung Construction and Engineering Co., Ltd.	Associate
eSkylink Inc.	Associate
Taipei Port Terminal Company, Ltd.	Associate
HQ Design Co., Ltd. (2019: Wellchang Interion Design and Decoration Co., Ltd.)	Other related party
Hobby Werks Co., Ltd.	Other related party
Chengxin Investment Co., Ltd.	Other related party
Shin Lan Enterprise Inc.	Other related party
Azure International Holdings Taiwan	Other related party

Significant transactions with related parties

(1) Sales

	For the years ended December 31,	
	2020	2019
Subsidiaries	$175,682	$147,120
Associates	98	201,973
Other related parties	190,628	79
Total	$366,408	$349,172

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,	
	2020	2019
Entity with joint control or significant influence over the Company	$5,491	$30,566
Subsidiaries		
Lee Bao Security Co., Ltd.	184,910	196,716
Others	300,050	281,401
Subtotal	484,960	468,117
Associates	2,522	737

Total	$492,973	$509,420

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) Notes receivable from related parties

	As of December 31,	
	2020	2019
Associates	$581	$623
Less: loss allowance	-	-
Net	$581	$623

(4) Accounts receivable from related parties

	As of December 31,	
	2020	2019
Subsidiary		
Brightron Technology and Engineering Corporation	$7,567	$1,062
Lee Way Electronics Co., Ltd.	6,390	6,005
Others	3,541	9,270
Subtotal	17,498	16,337
Associates		
Anfeng Enterprise Co., Ltd.	80,961	87,608
Others	81	94
Subtotal	81,042	87,702
Other related parties	84	28
Total	98,624	104,067
Less: loss allowance	-	-
Net	$98,624	$104,067

(5) Trade and other payables to related parties

	As of December 31,	
	2020	2019
Entity with joint control or significant influence over the Company	$834	$568
Subsidiaries		
Titan Star International Co., Ltd.	44,128	59,185
Aion Technologies Inc.	39,924	13,486
Living Plus Food & Beverage Co., Ltd.	7,518	-
Lee Bao Security Co., Ltd.	5,445	-
Others	3,600	5,035
Subtotal	100,615	77,706
Associates	56	465
Other related parties	514	-
Total	$102,019	$78,739

(6) Trade and other payables to other related parties

	As of December 31,	
	2020	2019
Subsidiaries	$15,054	$22,777
Associates	8	53
Total	$15,062	$22,830

(7) Right-of-use assets

	As of December 31,	
	2020	2019
Other related parties	$20,074	$34,055

The lease deposits to other related parties amounted to NT$1,271 thousand as of December 31, 2020 and 2019.

(8) Lease liabilities

	As of December 31,	
	2020	2019
Other related parties	$20,250	$34,157

(9) Lease expenditure

	For the years ended December 31,	
	2020	2019
Subsidiaries	$5,325	$10,789
Other related parties	-	14,238
Total	$5,325	$25,027

The lease deposits to related parties amounted to NT$30,250 thousand and NT$33,304 thousand as of December 31, 2020 and 2019.

(10) 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,	
	2020	2019
Entity with joint control or significant influence over the Company	$7,024	$10,754
Subsidiaries	328,544	172,326
Other related parties	380	-
Total	$335,948	$183,080

The Company sold property, plant and equipment to its subsidiary for gain on disposal of property, plant and equipment of NT$57 thousand, and proceeds from disposal of property, plant and equipment of NT$57 thousand for the year ended December 31, 2020.

The Company sold property, plant and equipment to its subsidiary and associates for gain on disposal of property, plant and equipment of NT$1,801 thousand, and proceeds from disposal of property, plant and equipment of NT$17 thousand for the year ended December 31, 2019.

(11) Joint technological development

The Company has signed joint technological development contract with the entity with joint control or significant influence over the Company. The royalty fee was calculated in proportion of annual net sales deducted by related cost. The royalty fee was NT$46,045 thousand and NT$46,444 thousand for the years ended December 31, 2020 and 2019, respectively. The royalty payable was NT$22,959 thousand and NT$23,101 thousand as of December 31, 2020 and 2019, respectively, which was recognized as other payables.

(12) Key management personnel compensation

	For the years ended December 31,	
	2020	2019
Short-term employee benefits	$234,512	$224,372
Post-employment benefits	2,061	2,098
Total	$236,573	$226,470

8. Assets pledged as security

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

	Carrying amount		
Items	December 31, 2020	December 31, 2019	Secured liabilities
Financial assets measured at amortized cost, non-current	$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,	
	2020	2019

Financial assets designated at fair value through profit or loss	$-	$5,367
Financial assets at fair value through other comprehensive income	68,671	103,330
Financial assets measured at amortized cost		
Cash and cash equivalents	910,456	1,005,964
Financial assets measured at amortized cost	11,500	11,500
Trade receivables	1,057,772	975,001
Refundable deposits	217,556	217,139
Subtotal	2,197,284	2,209,604
Total	$2,265,955	$2,318,301

Financial liabilities	As of December 31,	
	2020	2019
Financial liabilities at amortized cost:		
Short-term loans	$1,400,000	$3,000,000
Trade and other payables	987,992	993,944
Long-term loans (including current portion with maturity less than 1 year)	1,866,000	350,000
Lease liabilities	229,429	168,867
Guarantee deposits	598,789	590,434
Total	$5,082,210	$5,103,245

(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.

<u>Foreign currency risk</u>

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$2,646 thousand and NT$2,216 thousand for the years ended December 31, 2020 and 2019, respectively.

Equity price risk

The fair value of the Company’s listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company’s listed and unlisted equity securities are classified under financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. 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.

At the reporting date, a change of 10% in the price of the listed equity securities classified as equity instruments investments, measured at fair value through other comprehensive income could have an impact of NT$(2,031) thousand and NT$(2,238) thousand on the income or equity attributable to the Company for the years ended December 31, 2020 and 2019 respectively. 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, 2020 and 2019, amounts receivables from top ten customers are minor compared to the total accounts receivable 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, 2020					
Borrowings	$1,551,792	$1,760,873	$-	$-	$3,312,665
Trade and other payables	987,992	-	-	-	987,992
Lease Liability	124,976	71,991	9,180	28,800	234,947
As of December 31, 2019					
Borrowings	$3,205,382	$168,052	$-	$-	$3,373,434
Trade and other payables	993,944	-	-	-	993,944
Lease Liability	78,696	50,980	13,585	31,200	174,461

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 2020 is as follows:

	Short-term loans	Long-term loans	Leases liabilities	Balance of liabilities arising from financing activities
2020.1.1	$3,000,000	$350,000	$168,867	$3,518,867
Cash flow	(1,600,000)	1,516,000	(131,636)	(215,636)
Non-cash changes				
Acquisition	-	-	192,198	192,198
2020.12.31	$1,400,000	$1,866,000	$229,429	$3,495,429

Information of reconciliation for liabilities during 2019 is as follows:

	Short-term loans	Long-term loans	Leases liabilities	Balance of liabilities arising from financing activities
2019.1.1	$2,350,000	$1,034,000	$234,309	$3,618,309
Cash flow	650,000	(684,000)	(120,728)	(154,728)
Non-cash changes				
Acquisition	-	-	55,286	55,286
2019.12.31	$3,000,000	$350,000	$168,867	$3,518,867

(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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$-	$-	$-	$-
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	20,312	-	48,359	68,671

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	$5,367	$-	$-	$5,367
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	22,378	-	80,952	103,330

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2020 and 2019, 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, 2020	$80,952
Total losses recognized for the year ended December 31, 2020:	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	(16,476)
Acquisition/issue for the year ended December 31, 2020	3,383
Disposition/acquittance for the year ended December 31, 2020	(19,500)
Ending balances as of December 31, 2020	$48,359

	Assets
	Measured at fair value through other comprehensive income
	Stock
Beginning balances as of January 1, 2019	$77,153
Total losses recognized for the year ended December 31, 2019:	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	18,382
Acquisition/issue for the year ended December 31, 2019	-
Disposition/acquittance for the year ended December 31, 2019	(14,583)
Ending balances as of December 31, 2019	$80,952

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, 2020

	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$7,842 thousand

As of December 31, 2019

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
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$7,919 thousand

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

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, 2020

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:	$-	$-	$304,943	$304,943

	Level 1	Level 2	Level 3	Total
Investment properties (please refer to Note 6)				
Investments accounted for under the equity method (please refer to Note 6)	1,938,894	-	-	1,938,894

As of December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6)	$-	$-	$294,527	$294,527
Investments accounted for under the equity method (please refer to Note 6)	1,294,207	-	-	1,294,207

(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$1,089 thousand and NT$601 thousand for the years ended December 31, 2020 and 2019, 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:

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

B. Additional disclosures from above A.~J. of investee companies: Please refer to Attachment 2, 3 and 4.

C. Derivative transactions of investee companies: None.

(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.

Attachment 1

Significant intercompany transactions between consolidated entities

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

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)
	For the year ended 2020						
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	1	Revenues	$(17,782)	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	1	Costs	184,910	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	1	Accrued expenses	14,532	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Guarantee deposits	30,000	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Accounts payable	44,128	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Costs	126,599	Note 4	-
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Costs	105,776	Note 4	-
0	Taiwan Secom Co., Ltd.	Kuo Hsing Security Co., Ltd.	1	Revenues	5,837	Note 4	-
0	Taiwan Secom Co., Ltd.	CHOPPA Tech Co., Ltd.	1	Revenues	35,126	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Revenues	43,250	Note 4	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation (2019: LITENET Corporation)	1	Revenues	41,781	Note 4	-
0	Taiwan Secom Co., Ltd.	Goyun Building Management Services Co., Ltd.	1	Revenues	11,006	Note 4	-
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	1	Revenues	10,474	Note 4	-
1	Titan Star International Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	436,376	Note 4	3%
2	Aion Technologies Inc.	Taiwan Secom Co., Ltd.	2	Revenues	239,645	Note 4	2%
3	Goyun Security Co., Ltd.	Kuo Hsing Security Co., Ltd.	3	Revenues	15,151	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.

Attachment 2

Financing provided to others for the year ended December 31, 2020

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

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	$30,000	$30,000	$-	1.0%	(Note 4(2))	$-	Business turnover	$-	-	$-	$666,373 (Note 1)	$1,332,746 (Note 2)
2	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	Other receivables - related parties	Yes	60,000	60,000	45,000	1.0%	(Note 4(2))	-	Business turnover	-	-	-	666,373 (Note 1)	1,332,746 (Note 2)
3	Speed Investment Co., Ltd.	SIGMU D.P.T. Company Ltd.	Other receivables - related parties	Yes	50,000	50,000	50,000	1.0%	(Note 4(2))	-	Business turnover	-	-	-	666,373 (Note 1)	1,332,746 (Note 2)
4	Speed Investment Co., Ltd.	Living Plus Food & Beverage Co., Ltd.	Other receivables - related parties	Yes	20,000	20,000	20,000	1.0%	(Note 4(2))	-	Business turnover	-	-	-	666,373 (Note 1)	1,332,746 (Note 2)

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 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 4：(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.

Attachment 3
Endorsement/Guarantee provided to others for the year ended December 31, 2020

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

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 6)	Guarantee provided by a subsidiary (Note 6)	Guarantee provided to subsidiaries in Mainland China (Note 6)
		Company name	Relationship										
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	An investee which holds directly 100% of equity interest.	$3,371,870 (Note 4)	$30,000	$30,000	$-	$-	0.27%	$5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Lee Bao Security Co., Ltd.	An investee which holds directly 100% of equity interest.	3,371,870 (Note 4)	2,100,000	2,100,000	200,000	-	18.68%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Kuo Hsing Security Co., Ltd.	An investee which holds directly 83.77% of equity interest.	3,371,870 (Note 4)	50,000	50,000	-	-	0.44%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Goyun Building Management Services Co., Ltd.	An investee which holds directly 80.96% of equity interest.	3,371,870 (Note 4)	500,000	500,000	271,443	-	4.45%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	An investee which holds directly 73.75% of equity interest.	3,371,870 (Note 4)	50,000	50,000	-	-	0.44%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	An investee which holds indirectly 100% of equity interest.	3,371,870 (Note 4)	30,000	30,000	-	-	0.27%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Goyun Parking Co., Ltd.	An investee which holds indirectly 100% of equity interest.	3,371,870 (Note 4)	130,000	130,000	12,000	-	1.16%	5,619,784 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation (2019: LITENENT Corporation)	An investee which holds indirectly 93.87% of equity interest.	3,371,870 (Note 4)	300,000	300,000	-	-	2.67%	5,619,784 (Note 4)	Y	N	N
1	Aion Technologies Inc.	Brightron Technology and Engineering Corporation (2019: LITENENT Corporation)	An investee which holds directly 23.37% of equity interest.	55,823 (Note 1)	3,264	2,100	2,100	-	0.75%	55,823 (Note 1)	N	N	N
2	Goyun Building Management Services Co., Ltd.	Goyun Parking Co., Ltd.	An investee which holds directly 100% of equity interest.	3,371,870 (Note 2)	50,000	50,000	-	-	6.16%	5,619,784 (Note 2)	N	N	N
2	Goyun Building Management Services Co., Ltd.	Kuo Hsing Security Co., Ltd.	An investee which holds 1.45% of equity interest.	56 (Note 2)	1,040	-	-	-	0.00%	5,619,784 (Note 3)	N	N	N
2	Goyun Building Management Services Co., Ltd.	Taiwan Secom Co., Ltd.	Parent company	3,371,870 (Note 2)	3,310	3,310	3,310	-	0.41%	5,619,784 (Note 4)	N	Y	N
3	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	An investee which holds directly 78.98% of equity interest.	3,371,870 (Note 3)	25,000	25,000	25,000	-	0.75%	5,619,784 (Note 2)	N	N	N
3	Speed Investment Co., Ltd.	Sunseap Solutions Taiwan Limited	An investee which holds directly 51.00% of equity interest.	3,371,870 (Note 3)	10,000	10,000	-	-	0.30%	5,619,784 (Note 2)	N	N	N
4	Goyun Security Co., Ltd.	Kuo Hsing Security Co., Ltd.	An investee which holds indirectly 0.09% of equity interest.	58,274 (Note 5)	1,040	1,040	1,040	-	0.19%	5,619,784 (Note 3)	N	N	N

Note 1: Limit of guarantee/endorsement amount of Aion Technologies Inc. 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 20%.
(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 Goldsun Express & Logistics 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 3: 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 4: A subsidiary in which Taiwan SECOM 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 subsidiary in which Goyun Security Co., Ltd. holds directly or indirectly over 50% of equity interest. Guarantee/endorsement amount are as follows:
(1) This is the total contact amount agreed by Kuo Hsing Security Co., Ltd. and Formosa Petrochemical Corporation for the gate access control service. Goyun Security Co., Ltd. is the collateral guarantor for the agreement, so if Kuo Hsing Security Co., Ltd. is unable to deliver the service in accordance with the contract term, Goyun Security Co., Ltd. will be held liable for the compensation to Formosa Petrochemical Corporation.
(2) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.
(3) 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.
(4) 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 6: 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.

Attachment 4-1

Securities held for the year ended December 31, 2020 (Excluding subsidiary, associates and jointly controlled)

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

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units/Shares	Book value	Percentage of ownership	Fair value (NTD)	
Taiwan Secom Co., Ltd.	Listed companies stocks-							
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	255,500	$20,312	0.45%	$79.50	
	Unlisted companies stocks-							
	BlissCloud Group Holdings Corp	-	Financial assets at fair value through other comprehensive income-non-current	987,762	-	13.64%	-	
	Top Taiwan Viii Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,354,166	12,255	2.08%	9.05	
	GAMA Pay Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	3,214,285	22,918	5.36%	7.13	
	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,591,367	9,692	10.61%	6.09	
	Global Securities Finance Corporation	-	Financial assets at fair value through other comprehensive income-non-current	29,102	844	0.16%	29.00	
	Raixin Quality Products Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,127,776	2,650	11.28%	2.35	
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	14,483	0.04%	88.70	
	Unlisted companies stocks-							
	Huijia Health Life Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	50,000	136	0.30%	2.72	
Lee Bao Technology Co., Ltd.	Unlisted companies stocks-	-						
	GENIRON.COM Inc.		Financial assets at fair value through other comprehensive income-non-current	1,239,180	7,574	8.26%	6.09	
Tital Star International Co., Ltd.	Unlisted companies stocks-							
	Golden Harvest Food Enterprise Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,460,000	19,841	7.30%	13.59	
	International Integrated Systems, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	497,227	10,158	0.71%	20.43	
Chung Hsing E-Guard Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	552,655	49,021	0.12%	88.70	

Attachment 4-2

Securities held for the year ended December 31, 2020 (Excluding subsidiary, associates and jointly controlled)

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

Holder	Type and name of securities	Relationship	Financial statement account	Ending balance				Note
				Units/Shares	Book value	Percentage of ownership	Fair value (NTD)	
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	$321,563	0.80%	$88.70	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	281,000	14,612	0.78%	52.00	
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	268,750	21,363	0.48%	79.49	
Goyun Building Management Services Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	2,232,564	198,028	0.49%	88.70	
Lots Home Entertainment Co., Ltd.	Unlisted companies stocks-							
	The Tag-Along Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	44,453	250	1.50%	5.62	
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	22,425	0.06%	88.70	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	181,500	9,438	0.50%	52.00	
Speed Investment Co., Ltd.	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	3,447,198	305,767	0.76%	88.70	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	302,500	15,730	0.84%	52.00	
	Unlisted companies stocks-							
	Top Taiwan VI Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	552,391	5,723	2.17%	10.36	
	Mingfu Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	100,000	410	9.09%	4.10	
	Yuji Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	843,750	10,488	3.75%	12.43	
	Fund-							
	AsiaVest Opportunities Fund	-	Financial assets at fair value through other comprehensive income-current	200	1,108	0.74%	USD 184.79	
TransAsia Catering Service Ltd.	Fund-							
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at fair value through other comprehensive income-current	19,355,000	187,744	6.67%	9.70	
Aion Technologies Inc.	Listed companies stocks-							
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	218,900	17,403	0.39%	79.50	

Attachment 5

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

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

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 (sales)	Credit Term	Unit price	Credit Term	Balance	Percentage of total receivables (payable)	
Taiwan Secom Co., Ltd.	Aion Technologies Inc.	Subsidiary accounted for using the equity method	Note 1	$239,645	Note 1	30-60 days	-	-	$(40,225)	10%	
	Anfeng Enterprise Co., Ltd.	Investee accounted for using the equity method	Sales	184,149	3%	30-60 days	-	-	80,962	9%	
	Lee Bao Security Co., Ltd.	Subsidiary accounted for using the equity method	Purchase	184,910	5%	30-60 days	-	-	(14,532)	4%	
	Titan Star International Co., Ltd.	Subsidiary accounted for using the equity method	Note 2	436,376	Note 2	30-60 days	-	-	(44,128)	11%	
Goldsun Express & Logistics Co., Ltd.	Goldsun Building Materials Co., Ltd.	Investee accounted for using the equity method	Note 3	(422,417)	Note 3	30 days	-	-	57,462	7%	

Note 1：The Company purchases information equipment, software and system maintenance from Aion Technologies Inc.

Note 2：The Company purchased inventory, electronic anti-theft and electronic fireproof 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 using 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.	Speed Investment Co., Ltd.	Taipei City	Investment holding	$415,130	$415,130	256,484,804	100.00%	$2,918,916	$248,260	$200,869	
	Lee Bao Security Co., Ltd.	Taipei City	Security services providing	198,006	198,006	69,986,215	100.00%	1,290,363	273,120	273,120	
	Goyun Security Co., Ltd.	Kaohsiung City	Security services providing	40,034	40,034	27,705,510	100.00%	534,778	105,377	106,273	
	Chung Hsing E-Guard Co., Ltd.	Taipei City	Sales of electric, telecommunications and fireproof products	66,976	20,000	6,697,568	100.00%	57,386	2,007	(180)	
	Goldsun Express & Logistics Co., Ltd.	New Taipei City	Air cargo transporting services	613,878	613,878	57,732,926	100.00%	667,186	51,641	51,488	
	Kuo Hsing Security Co., Ltd.	Taipei City	Corporate security guarding services	-	-	29,321,619	83.77%	549,050	189,666	143,420	
	Goyun Building Management Services Co., Ltd.	Taipei City	Building management services providing	101,911	101,911	28,463,488	80.96%	481,556	169,167	127,760	
	Aion Technologies Inc.	Taipei City	Technology support services	139,356	139,356	12,739,895	73.75%	189,521	48,544	21,663	
	Zhong Bao Insurance Broker Inc	Taipei City	Insurance broker	3,600	3,600	608,400	60.00%	18,313	5,279	3,167	
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	449,526	449,526	11,356,902	36.20%	25	(283)	104	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	121,419	121,419	10,288,341	34.29%	144,122	60,177	16,698	
	Lots Home Entertainment Co., Ltd.	Taipei City	Video sales and rental services	186,480	186,480	683,920	21.02%	27,528	(5,502)	(1,219)	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	750,687	750,687	24,562,918	67.02%	777,939	(27,950)	(18,535)	
	SIGMU D.P.T. Co., Ltd.	Taipei City	Wholesale and installation of fire safety equipment	6,776	6,776	677,617	21.99%	17,997	339	83	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	1,253,441	1,374,479	77,555,747	6.57%	1,541,074	2,472,927	157,405	
	TransAsia Airways Corp.	Taipei City	Aviation services	833,409	833,409	76,245,604	0.00%	-	-	-	Note 1
	Tech Elite Holdings Ltd.	Hong Kong	Investment holding	66,416	66,416	2,000,000	39.22%	-	-	-	
	Anfeng Enterprise Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	10,820	10,820	900,000	30.00%	13,764	4,031	1,093	
	Huaya Development Co., Ltd.	Taipei City	Operating hotel and sales of cement products and asbestos waves	314,899	314,899	25,512,892	49.83%	298,207	6,975	3,472	
Speed Investment Co., Ltd.	Titan Star International Co., Ltd.	Taipei City	Manufacturing, selling and processing of security-related equipment and parts	272,396	393,185	72,855,115	100.00%	1,474,173	189,330	196,049	
	SVS Corporation	Taipei City	Vehicles maintenance services	80,000	80,000	8,000,000	100.00%	40,865	2,420	1,877	
	Jiansheng International Co., Ltd.	Taipei City	Medical equipment and AED rental services	20,000	20,000	2,000,000	100.00%	20,183	139	122	
	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	20,026	11,051	1,890,405	61.36%	50,217	339	1,139	
	Comlink Fire Systems Inc	Taoyuan City	Wholesale of fire safety equipment	85,938	85,938	205,866	99.81%	80,231	6,703	5,489	
	Babyboss Co., Ltd.	Taipei City	Educational and recreational services	152,308	152,308	15,230,776	84.62%	144,281	13,370	10,764	
	Lots Home Entertainment Co., Ltd.	Taipei City	Video sales and rental services	375,568	375,568	2,570,280	78.98%	20,395	(5,502)	(4,581)	
	CHOPPA Tech Co., Ltd.	Taipei City	POS system for retail	86,090	86,090	8,637,000	57.58%	99,999	8,632	3,852	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	150,376	150,376	14,078,783	46.93%	217,110	60,177	32,519	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	80,000	80,000	2,424,242	6.61%	55,780	(27,950)	(1,860)	
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	151,021	151,021	14,845,300	47.32%	514	(283)	(134)	
	Zhong Bao Insurance Broker Inc	Taipei City	Insurance broker	1,927	1,927	101,400	10.00%	3,052	5,279	528	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	89,181	103,456	8,472,699	0.72%	146,132	2,472,927	17,111	
	Brightron Technology and Engineering Corporation (2019: LITENENT Corporation)	Taipei City	Light controlling system services	124,740	124,740	17,827,884	67.94%	185,238	21,756	17,516	
	Livingplus Food and Beverage Co., Ltd. (2019: Zhan Food Team Inc.)	Taipei City	Catering services	52,040	30,000	7,000,000	87.50%	21,094	(24,759)	(19,475)	
	Sunseap Solutions Taiwan Limited	Taipei City	Energy-saving solutions technology	3,060	3,060	306,000	51.00%	1,998	(1,959)	(1,062)	
	Epic Tech Taiwan Inc.	Taipei City	Property management platform	31,200	-	3,120,000	78.00%	25,946	(6,736)	(5,506)	
	Sphinx Foods Company Limited	Taipei City	Food manufacturing	20,000	-	2,000,000	100.00%	19,719	(281)	(281)	
Titan Star International Co., Ltd.	eSkylink Inc.	Taipei City	Telecom value-added network services	7,301	7,301	884,016	19.71%	20,056	25,699	5,182	
	Brightron Technology and Engineering Corporation (2019: LITENENT Corporation)	Taipei City	Light controlling system services	30,244	30,244	2,280,116	8.69%	37,590	21,756	2,240	
	TransAsia Airways Corp.	Taipei City	Aviation Services	54,007	54,007	4,405,028	0.58%	-	-	-	Note 1
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	295,801	363,809	48,147,710	4.08%	827,907	2,472,927	99,900	
	Comlink Fire Systems Inc	Taoyuan City	Wholesale of fire safety equipment	176	176	384	0.19%	90	6,703	60	
	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	55	55	4,887	0.16%	131	339	(2)	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	100,000	100,000	3,030,303	8.27%	69,788	(27,950)	(2,329)	
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	21,516	21,516	614,779	1.96%	-	(283)	420	

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 using 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			
Goldsun Express & Logistics Co., Ltd.	Goldsun Express Ltd.	New Taipei City	The custom broker services	$26,833	$26,833	33,612,480	100.00%	$37,175	$1,515	$1,515	
Goyun Security Co., Ltd.	Goyun Building Management Services Co., Ltd.	Taipei City	Building management services providing	15,000	15,000	2,154,042	6.13%	40,282	169,167	10,709	
	TransAsia Airways Corp.	Taipei City	Aviation Services	28,978	28,978	1,635,080	0.22%	-	-	-	Note 1
	Babyboss Co., Ltd.	Taipei City	Educational and recreational services	1,814	1,814	692,304	3.85%	6,564	13,370	488	
	CHOPPA Tech Co., Ltd.	Taipei City	POS system for retail	10,080	10,080	1,008,000	6.72%	11,672	8,632	472	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	69,882	82,571	7,531,136	0.64%	102,681	2,472,927	11,849	
	Guoyun Technology Co., Ltd.	Kaohsiung City	Car parking lot services	150,000	100,000	15,000,000	100.00%	137,891	2,510	1,567	
Kuo Hsing Security Co., Ltd.	Goyun Building Management Services Co., Ltd.	Taipei City	Building management services providing	26,615	26,615	4,540,260	12.91%	123,809	169,167	22,461	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	29,045	29,045	2,707,458	9.02%	43,894	60,177	5,894	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	216,592	172,492	13,299,599	1.13%	259,161	2,472,927	23,826	
	TransAsia Airways Corp.	Taipei City	Aviation Services	47,581	47,581	4,360,832	0.57%	-	-	-	Note 1
	Chung Po Rental Co., Ltd.	New Taipei City	Mini-Storage rental services	30,000	30,000	3,000,000	100.00%	27,442	78	78	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	70,000	70,000	2,121,212	5.79%	67,468	(27,950)	(1,735)	
Gowin Building Management and Maintenance Co., Ltd.	Gowin Security Co., Ltd.	Taipei City	Corporate security guarding services	40,000	40,000	4,000,000	100.00%	83,711	22,493	22,493	
	Kuo Hsing Security Co., Ltd.	Taipei City	Corporate security guarding services	12,515	12,515	506,692	1.45%	16,294	189,666	3,053	
	TransAsia Airways Corp.	Taipei City	Aviation Services	19,639	19,639	2,101,872	0.28%	-	-	-	Note 1
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	65,894	72,599	3,979,913	0.34%	68,444	2,472,927	7,259	
	Goyun Parking Co., Ltd.	Taipei City	Car parking lot services	50,000	50,000	5,000,000	100.00%	46,760	1,703	1,703	
Babyboss Co., Ltd.	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	66,118	77,509	6,760,906	0.57%	115,664	2,472,927	13,284	
Lee Way Electronics Co., Ltd.	Lee Yuan Biomedical Co., Ltd.	Taipei City	Medical equipment and AED rental services	30,000	30,000	5,000,000	100.00%	79,510	22,611	22,611	
	TransAsia Catering Service Ltd.	Taoyuan City	Production and sales of instant foods and in-flight catering	50,000	50,000	1,515,152	4.13%	34,852	(27,950)	(1,236)	
Lee Bao Security Co., Ltd.	Lee Bao Technology Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	50,000	50,000	5,000,000	100.00%	25,724	864	864	
Aion Computer Communication Co., Ltd.	Peregrine Soleil Asset Holdings Limited	British Virgin Islands.	Investment holding	-	189,961	-	-	-	-	-	
	Brightron Technology and Engineering Corporation (2019: LITENET Corporation)	Taipei City	Light controlling system services	81,623	81,623	6,132,000	23.37%	102,671	21,756	6,311	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	29,866	9,427	1,614,811	0.14%	36,104	2,472,927	2,710	
	Epic Tech Taiwan Inc.	Taipei City	Property management platform	7,800	-	780,000	19.50%	6,486	(6,736)	(1,288)	
Peregrine Soleil Asset Holdings Limited	GC&C Holdings Limited	Cayman Islands	Investment holding	-	189,691	-	-	-	-	-	
Taiwan Video System Co., Ltd.	TVS Germany GmbH	Germany	Sales of digital signage, monitors, and etc.	-	5,917	-	-	-	-	-	
TransAsia Catering Service Ltd.	Global Food Co., Ltd.	Taoyuan City	Retail of food product	18,000	18,000	1,800,000	30.00%	23,242	8,782	2,635	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	152,126	-	7,476,574	0.63%	159,661	2,472,927	8,760	
CHOPPA Tech Co., Ltd.	Livingplus Food and Beverage Co., Ltd. (2019: Zhan Food Team Inc.)	Taipei City	Catering services	6,404	43,000	700,000	8.75%	1,139	(24,759)	(5,850)	

Attachment 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, 2020	Investment Flows Outflow	Investment Flows Inflow	Accumulated Outflow of Investment from Taiwan as of December 31, 2020	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2020	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2020
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 4,850	(2)	-	-	-	-	-	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 USD360	-	(12,674) USD(360) (Note 4)	-	-	-	-	-	-

Accumulated Investment in Mainland China as of 2020-12-31	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
$-	$120,801	$6,599,455

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 2008. 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.

Attachment 8

Major Shareholders Information

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

Name \ Shares	Number of shares	Percentage of ownership (%)
SECOM CO. LTD	123,110,870	27.28%
Shin Kong Life Insurance Co., Ltd	38,718,205	8.58%

6-6 If the company and its affiliates have experienced financial difficulties in the most recent year or during the current year up to the date on which the annual report is printed, the impact of the difficulties on the company's financial situation shall be specified: None.

VII. FINANCIAL STATUS AND FINANCIAL PERFORMANCE

7.1.Financial status

Unit: NT$ thousand; %

Items \ Year	Dec. 31, 2020	Dec. 31, 2019	Difference	
			Amount	%
Current assets	8,894,062	8,847,137	46,925	0.53%
Investments accounted for using equity method	3,612,097	3,345,514	266,583	7.97%
Property, plants, and equipment	7,067,044	6,761,760	305,284	4.51%
Other non-current assets	3,596,224	3,544,242	51,982	1.47%
Total assets	23,169,427	22,498,653	670,774	2.98%
Current liabilities	6,717,858	8,570,169	(1,852,311)	-21.61%
Non-current liabilities	4,752,957	2,744,360	2,008,597	73.19%
Total liabilities	11,470,815	11,314,529	156,286	1.38%
Share capital	4,511,971	4,511,971	-	0.00%
Capital surplus	813,963	763,317	50,646	6.63%
Retained earnings	6,302,407	5,810,983	491,424	8.46%
Other equities	(100,384)	(58,666)	(41,718)	71.11%
Treasury stock	(288,389)	(288,389)	-	0.00%
Non-controlling interests	459,044	444,908	14,136	3.18%
Total equity	11,698,612	11,184,124	514,488	4.60%

∗Main reasons of significant changes in assets, liabilities, and equity in the most recent two fiscal years:

1. The decrease in current liabilities was mainly due to the decrease in short-term borrowings.
2. The increase in non-current liabilities was mainly due to the increase in long-term borrowings.
3. The decrease in other equity was mainly due to the recognition of unrealized losses of financial assets measured at fair value through other comprehensive profit or loss.

∗Effect of financial position and changes in the most recent fiscal years: No significant effects in the financial position.

∗Future countermeasures: Not applicable.

7.2.Financial performance

Unit: NT$ thousand; %

Items / Year	2020	2019	Amount of increase (Decrease)	Rate of change (%)
Net operating income	13,706,365	13,411,677	294,688	2.20%
Operating cost	8,697,290	8,519,007	178,283	2.09%
Gross profit	5,009,075	4,892,670	116,405	2.38%
Operating expenses	2,369,079	2,359,654	9,425	0.40%
Operating income	2,639,996	2,533,016	106,980	4.22%
Non-operating revenues and expenses	344,962	145,802	199,160	136.60%
Net profit before tax	2,984,958	2,678,818	306,140	11.43%
Income tax expenses	(547,730)	(502,039)	45,691	9.10%
Current period net profit	2,437,228	2,176,779	260,449	11.96%
Other current comprehensive income or loss (net after-tax)	(134,479)	53,821	(188,300)	-349.86%
Total consolidated income for the period	2,302,749	2,230,600	72,149	3.23%
Profit attributable to owners of the parent company	2,388,900	2,136,561	252,339	11.81%
Comprehensive income attributable to owners of the parent company	2,254,494	2,186,178	68,316	3.12%

＊Analysis and explanation of the increase or decrease in ratio in the last two years:

1.The increase in non-operating revenues and expenses is mainly due to the increase in the share of other gains (losses) of associates and joint ventures, accounted for using the equity method.

2. The decrease in other comprehensive profit or loss was mainly due to the recognition of unrealized losses of equity instruments measured at fair value through other comprehensive profit or loss.

＊Expected sales for the next one year and its basis: Please refer to "1. Report to Shareholders" on page 1 to 2.

＊Effect of financial position and changes in the most recent two years: No significant effect on the financial position.

＊Future countermeasures: Not applicable.

7-3. Cash Flow Analysis

1. Analysis of changes in cash flow in the most recent year

Unit: NT$ thousand

Cash balance at the beginning of the year	Net cash flow from operating activities	Cash outflow for the year	Estimated amount of cash surplus	Remedy for cash shortage	
				Investment plan	Financial plan
6,315,683	3,485,581	4,291,464	5,509,800	-	-

Analysis of changes in cash flow in this year:

(1) Operating activities: The net cash inflow from operating activities is NT$3,485,581 thousand, which is mainly due to net profit before tax of NT$2,984,958 thousand.

(2) Investment activities: Net cash outflow of NT$1,427,274 thousand was mainly due to the acquisition of real estate, plant and equipment for NT$1,366,262 thousand.

(3) Financing activities: Net cash outflow of NT$2,864,190 thousand was mainly due to the distribution of cash dividends of 1,804,788 thousand and the repayment of long-term and short-term borrowings and short-term bills for N$704,000 thousand.

2. Inefficient Capital liquidity improvement plan: Not Applicable.

3. Cash flow forecast analysis for the next year:

Unit: NT$ thousand

Cash balance at the beginning of the year	Estimated net cash flow from year-round operating activities	Estimated Cash outflow for the year	Amount of cash surplus (shortfall)	Remedy for estimated cash shortage	
				Investment plan	Financial plan
5,509,800	3,966,751	4,733,105	4,743,446	-	-

Analysis of changes in cash flow over the next year:

(1) Operating activities: Mainly due to the estimated operating profit from business activities gained through expected revenue growth.

(2) Investment activities: Mainly due to the expected acquisition of devices and equipment.

(3) Financing activities: Mainly due to the expected dividend distribution from surpluses and debt repayment.

7-4. Impacts on financial operations from major capital expenditures in the most recent year: None.

7-5. Company's re-investment policy for the most recent fiscal year, the main reasons for the profits/losses generated thereby, the plan for improving re-investment profitability, and investment plans for the coming year.

7-5-1. Investment policy for the most recent year

The Company's reinvestment prioritizes the auxiliary businesses related to the core business, followed by other businesses that can obtain higher profits.

7-5-2. Profitability of reinvestment:

The total amount of the Company's shares of associate companies and joint ventures recognized by the equity method in 2020 and 2019 were NT$354,486 thousand and NT$160,876 thousand, respectively.

7-5-3. Investment plan for the coming year: None.

7-6. The risk analysis and assessment in the recent years and as of the printing date of this annual report:

7-6-1. Impact of changes in interest rates and currency exchange and inflation on the Company's profit and loss and the response measures to be taken in the future:

1. The Company's exchange loss and interest income and expenditure:

The Company's 2020 loss on foreign exchange was NT$2,004 thousand, interest income was NT$17,577 thousand, and interest expenses were NT$40,325 thousand.

2. Effects on profit and loss of the Company from inflation:

In the most recent year, the interest rate changes have been small and the inflation has been moderate, which has no significant impact on the Company's income.

3. The Company's specific measures in response to exchange rate changes, interest rate changes and inflation:

The Company adopts natural hedging to reduce exchange risk caused by exchange rate changes.

7-6-2. Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsements and guarantees, as well as derivative transactions, main causes of profit and loss, as well as future countermeasures:

The Company takes a safe and steady approach in its financial operations and is not engaged in high-risk and highly leveraged investment activities, nor has it engaged in derivatives trading. The Company's lending or endorsing as a guarantor are subject to the Operating Procedures for Loans to Others and Endorsement and Guarantee to protect the Company's best rights and interests.

7-6-3. Future R&D plans and expected investment in R&D budget:

The Company's focus its future operations on the integration services of the "My VITA+" IoT system, and will add more "My VITA+" AI smart products and functions. More innovative services and products such as "My VITA+" App functions, integration of mobile phones and new technological products, smart image (facial) recognition systems, upgrading of smart patrol will be offered. Innovative services and products will also move from Smart Home to Smart City, and AI, smart transportation (parking lots), smart street lights, and safe communities will incorporate the use of AI. Big data analysis will also be adopted to find solutions and business opportunities.

In order to improve the Company's competitiveness and meet customer needs, it is estimated that approximately NT$110,000 thousand will be invested in research and development this year.

7-6-4. Impacts of important domestic/foreign policies and changes of laws on the financial business of the company and countermeasures:

The management of the Company actively responds to important domestic and foreign policy and legal changes at any time, abides by national laws and regulations, promotes corporate governance, regulates operations and internal control, and ensures smooth financial business operations to maintain the its sustainable business development.

7-6-5. Impacts of changes in technology and industry on the financial business of the company and countermeasures:

The company's technology R&D integration department and management actively monitors changes in technology and industry at any time, invest in R&D needed in a timely manner, adjust operating strategies, and ensure the smooth operation of finances to maintain the Company's growth.

7-6-6. Impacts of change of the corporate image on the corporate crisis management and countermeasures:

The Company adheres to the philosophy of sustainable operations and has maintained a good corporate image, which is highly recognized by consumers and investors. The Company complies with government laws and promotes corporate governance to implement corporate social responsibility and ethics management concepts. The company has a website, spokesperson system, investor relations and public relations department, and establishes a transparent and trustworthy communication channel with the media, investors or other related parties to maintain the Company's excellent corporate image. Currently, there are no incidents harming the Company's image.

7-6-7. Expected benefit, possible risks, and countermeasures for merger: Not applicable

7-6-8. Expected benefits, possible risks, and countermeasures for expansion of the facilities: Not applicable.

7-6-9. Risks faced during material incoming and sales centralization, as well as countermeasure:

The Company currently has no problem of overconcentration of purchases and sales. The Company has established a list of alternative suppliers, and the supply at this stage is normal. In case of emergency, the alternative suppliers will increase the supply to ensure the normal operation of the Company.

7-6-10. Impacts, risks, and countermeasures of directors, supervisors, or shareholders with a shareholding percentage exceeding 10%, large equity transfer, or change on the company: Not applicable.

7-6-11. Impacts, risks, and countermeasures of changes in management rights to the Company: Not applicable.

7-6-12. Major litigation, non-litigation or administrative incidents that involve the Company and/or any director, supervisor, the president, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent and/or any other company or companies controlled by the Company and of which the results may have a significant impact on the Company's shareholders' interests or the securities prices: Not applicable.

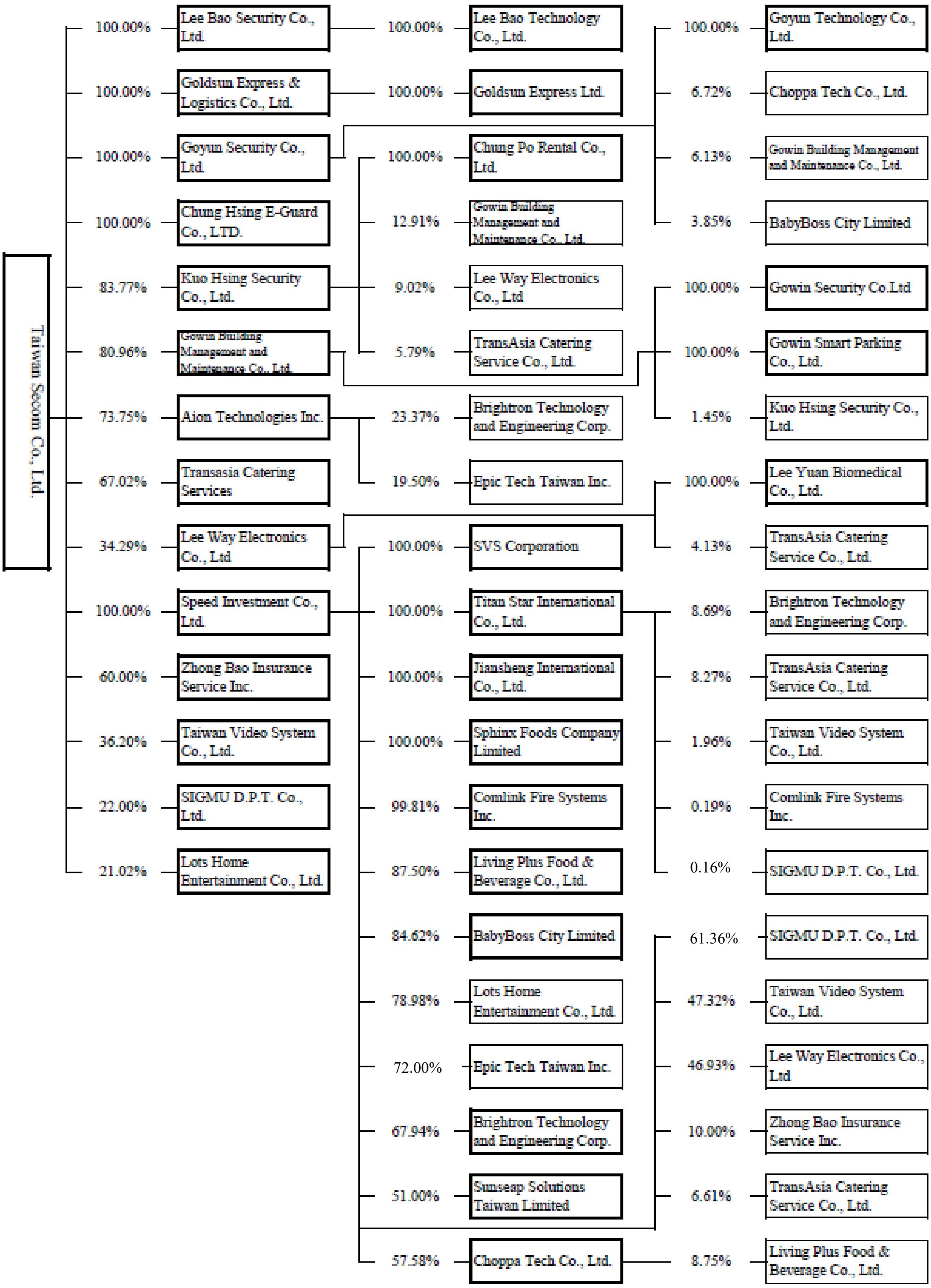
7-6-13. Other significant risks and countermeasure: None.

VIII. Special matters to be recorded

8-1. Information related to the Company's Affiliates

8-1-1 Consolidated business reports of affiliates

1. Organizational Chart of Affiliates (As of Dec. 31, 2020)



Note1: The Company does not have the controlling and subordinate relation defined in Article 369-3 of the Company Act.

2. Profile of each affiliated company

Unit: thousand; (Unless otherwise specified, all values in NT$)

Company name	Establishment	Address	Paid-up capital	Main business activities
Kuohsing Security Co., Ltd.	1989.12.16	9F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	350,025	Resident Security Guard Service
Gowin Building Management and Maintenance Co., Ltd.	1992.05.26	4F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	351,578	Apartment Building Management Service
Goyun Security Co., Ltd.	1998.12.31	7F., No. 2-4, Renyi Street, Lingya District, Kaohsiung City	277,055	Security service
Lee Bao Security Co., Ltd.	1998.01.02	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	699,862	Security service
Aion Computer Communication Co., Ltd.	1994.08.01	12F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	172,752	Information service
Speed Investment Co., Ltd.	1996.09.13	4F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	2,564,848	Investment in production and services
Goldsun Express & Logistics Co., Ltd.	1998.01.14	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	577,329	Logistics and warehousing
Chung Hsing E-GUARD Co., Ltd.	2000.11.21	4F., No.693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	66,976	Digital Information Supply Services.
Lee Way Electronics Co., Ltd	1998.05.08	3F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	300,000	Trading and leasing of electronic equipment
Titan Star International Co., Ltd.	1995.07.10	7F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	728,551	Manufacturing of security equipment
Goldsun Express Ltd.	2004.10.19	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	33,612	Custom Declaration
Zhong Bao Insurance Broker Inc.	2006.01.02	10F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	10,140	Insurance
Brightron Technology and Engineering Corp.	2004.04.12	7F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	262,400	Machine manufacturing
Babyboss Co., Ltd.	2006.12.19	6F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	180,000	Professional role-playing service for children
SVS Corp.	1999.02.13	No. 418, Songhe Street, Nangang District, Taipei City	80,000	Car and Motorcycle Repair
Lee Bao Technology Co., Ltd.	1999.04.29	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	50,000	ATM services
Goyun Science and Technology Co., Ltd.	2014.02.06	7F., No. 2-4, Renyi Street, Lingya District, Kaohsiung City	150,000	Parking lot
Lots Home Entertainment Co., Ltd.	1997.11.26	7F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	32,542	Video Tape Programs Broadcasting and Motion Picture Distribution
Taiwan Video System Co., Ltd.	1983.06.27	8F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	313,730	Processing, manufacturing and selling of video signal displays and accessories
Goyun Security Co., Ltd.	2011.04.22	4F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	40,000	Security service
Choppa Tech Co., Ltd.	2012.08.06	7F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	150,000	Manufacturing of other machinery, electrical appliances and audio-visual electronic products, and manufacturing of electronics components used for wire and wireless communication machine
Comlink Fire Systems Inc.	1999.08.23	No. 16, Lane 60, Baoshi Street, Guishan District, Taoyuan City	2,063	Fire safety equipment wholesale, maintenance, installation engineering industry
TransAsia Catering Services	2002.10.17	No. 538, Section 1, Sanmin Road, Dayuan District, Taoyuan City	366,480	Airline catering, baking and steaming food manufacturing, condiment manufacturing, restaurant industry, etc.
Chung Po Rental Co., Ltd.	2016.07.13	4F., No. 102, Zhongan Street, Sanchong District, New Taipei City,	30,000	Container leasing, warehousing, residential and building development renting and sales, real estate leasing, etc.
Gowin Smart Parking Co., Ltd.	2016.01.14	4F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	50,000	Parking lot management, flower planting and gardening services

Company name	Establishment	Address	Paid-up capital	Main business activities
				industries
Lee Yuan Biomedical Co., Ltd.	2016.08.18	No. 85, Section 2, Jianguo North Road, Zhongshan District, Taipei City	50,000	Wholesale of electrical appliances, wholesale of precision instruments, wholesale of telecommunications equipment
SIGMU D.P.T. Co., Ltd.	2016.08.01	6F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	30,808	Fire safety equipment installation engineering, and environmental testing services
Living Plus Food & Beverage Co., Ltd.	2016.01.27	4F., No.693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	80,000	Catering
Jiansheng International Co., Ltd.	2018.01.03	7F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	20,000	Wholesale of electrical appliances, wholesale of precision instruments, wholesale of telecommunications equipment
Sunseap Solutions Taiwan Limited	2019.06.17	6F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	6,000	Energy Technical Services, Lighting Equipment Construction
Epic Tech Taiwan Inc.	2020.04.21	3F, No. 9, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City	40,000	Wholesale of Nonalcoholic Beverages, Software,Information Process, Electronic Information Supply Services, Wholesale of Foods and Groceries
Sphinx Foods Company Limited	2020.06.16	4F., No.693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	20,000	Baking and steaming food manufacturing, condiment manufacturing, beverage manufacturing, restaurant industry, etc.

3. Information of shareholders in controlling and controlled entities: None.

4. Business sectors covered by other affiliates:

(1) The businesses operated by the Company and its affiliates include:

A. Security maintenance of office premises, business premises, warehouses, performing arts venues, competition venues, residential venues, exhibition and reading venues, parking lots, etc. against theft, fire, and disaster.

B. Security maintenance of the transportation of cash or other valuables.

C. Personal safety maintenance.

D. System planning, design, maintenance, repair and installation of anti-theft, fire prevention, disaster prevention and other related equipment and appliances.

E. Information service.

F. Investment in production and services

G. Manufacturing, trading and processing of mainframes and sensors of fire-proof and anti-theft equipment.

H. Logistics and warehousing

(2) Related business transactions and division of labor between affiliates:

The Company has purchase and sales transactions, office rental, contract design and purchase of materials for R&D with these affiliates, Kuohsing Security, Gowin Building Management and Maintenance, Gowin Security, Lee Bao Security, Aion Technologies, Speed Investment, Goldsun Express & Logistics, Chung Hsing E-GUARD, Lee Way Electronics, Titan Star International, Choppa Tech, Taiwan Video System and others.

5. Directors, Supervisors and President of Affiliated Companies

Company name	Title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
Kuohsing Security Co., Ltd.	Chairman	Representative: Fei-Chang Lin	29,321,619	83.77%	Taiwan Secom Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Hung-Liang Lu			
	Supervisor	Representative: Su-Ling Chen	506,692	1.45%	Gowin Building Management and Maintenance Co., Ltd.
Gowin Building Management and Maintenance Co., Ltd.	Chairman	Representative: Chih-Fang Lin	28,463,488	80.96%	Taiwan Secom Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Lei Lin			
	Supervisor	Representative: Su-Ling Chen	4,540,260	12.91%	Kuohsing Security Co., Ltd.
Gowin Security Co., Ltd.	Chairman	Representative: Yi-Chun Chang	27,705,510	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: Lei Lin			
	Director	Representative: Lan-Ying Hsu			
	Supervisor	Representative: Su-Ling Chen			
Lee Bao Security Co., Ltd.	Chairman	Representative: Chang-Hsiung Kao	69,986,215	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Ying-Chang Su			
	Supervisor	Representative: Su-Ling Chen			
Aion Technologies Inc.	Chairman	Representative: Ying-Chun Chen	12,739,895	73.75%	Taiwan Secom Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Ming-Sheng Lin			
	Director	Representative: Jung-Kuei Li			
	Supervisor	Chien-Han Lin	588,623	3.41%	
Speed Investment Co., Ltd.	Chairman	Representative: Chien-Han Lin	256,484,804	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: Su-Ling Chen			
	Director	Representative: Lan-Ying Hsu			
	Supervisor	Representative: Ying-Chang Su			
Goldsun Express & Logistics Co., Ltd.	Chairman	Representative: Chia-Ming Kuo	55,942,758	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Ming-Tung Chang			
	Supervisor	Representative: Lei Lin			
Chung Hsing E-Guard CO., LTD.	Chairman	Representative: Fu-Hsing Liu	6,697,568	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: Hsing-Kuo Chou			

Company name	Title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3) Number of shares	Shareholding (Note 2 and 3) Ownership held by the Company	Legal entity represented
	Director	Representative: Chien-Han Lin			
	Supervisor	Representative: Su-Ling Chen			
Lee Way Electronics Co., Ltd	Chairman	Representative: Fu-Hsing Liu	10,288,341	34.29%	Taiwan Secom Co., Ltd.
	Director	Representative: Pei-Hsiu Hung			
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Hsing-Kuo Chou			
	Director	Representative: Chien-Han Lin			
	Supervisor	Representative: Su-Ling Chen	2,707,458	9.02%	Kuohsing Security Co., Ltd.
Titan Star International Co., Ltd.	Chairman	Representative: Te-Yu Hsu	84,933,981	100.00%	Speed Investment Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Jung-Kuei Li			
	Supervisor	Representative: Su-Ling Chen			
Goldsun Express Ltd.	Chairman	Representative: Chia-Ming Kuo	3,361,248	100.00%	Goldsun Express & Logistics Co., Ltd.
	Director	Representative: Ming-Tung Chang			
	Director	Representative: Lan-Ying Hsu			
	Supervisor	Representative: Lei Lin			
Zhong Bao Insurance Service Inc.	Chairman	Representative: Ching-Ming Lei	608,400	60.00%	Taiwan Secom Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Yuan-Chun Chen	50,700	5.00%	
	Supervisor	Representative: Su-Ling Chen	101,400	10.00%	Speed Investment Co., Ltd.
Brightron Technology and Engineering Corp.	Chairman	Representative: Lei Lin	6,132,000	23.37%	Aion Technologies Inc.
	Director	Representative: Ming-Sheng Lin			
	Director	Representative: Hsing-Kuo Chou			
	Supervisor	Representative: Sheng-Ying Cheng	2,280,000	8.69%	Titan Star International Co., Ltd.
BabyBoss City Limited	Chairman	Representative: Yi-Hsuan Lin	15,230,776	84.62%	Speed Investment Co., Ltd.
	Director	Representative: Chien-Han Lin			
	Director	Representative: Lan-Ying Hsu			
	Supervisor	Representative: Su-Ling Chen	692,304	3.85%	Gowin Security Co., Ltd.
Lots Home Entertainment Co., Ltd.	Chairman	Representative: Chien-Han Lin	683,920	21.02%	Taiwan Secom Co., Ltd.
	Director	Representative: Po-Hsiang Hao			
	Director	Representative: Han-Kuang Chu			
	Supervisor	Representative: Sheng-Ying Cheng	2,570,280	78.98%	Speed Investment Co., Ltd.

Company name	Title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
Taiwan Video System Co., Ltd.	Chairman	Representative: Ying-Chang Su	11,356,902	36.02%	Taiwan Secom Co., Ltd.
	Director	Representative: Hao-Wen Yu			
	Director	Representative: Shu-Hui Chen			
	Director	Representative: Jung-Kuei Li			
	Director	Representative: Sheng-Ying Cheng			
	Supervisor	Representative: Ying-Chun Chen	663,893	2.12%	Yuan Xin Investment Co., Ltd.
	Supervisor	Representative: Yu-Shan Chen			
SVS Corporation	Chairman	Representative: Ying-Chang Su	8,000,000	100.00%	Speed Investment Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Lei Lin			
	Supervisor	Representative: Su-Ling Chen			
Lee Bao Technology Co., Ltd.	Chairman	Representative: Chang-Hsiung Kao	5,000,000	100.00%	Lee Bao Security Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Ying-Chang Su			
	Supervisor	Representative: Su-Ling Chen			
Kuoyun Security Co., Ltd.	Chairman	Representative: Chih-Fang Lin	4,000,000	100.00%	Gowin Building Management and Maintenance Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Lei Lin			
	Supervisor	Representative: Su-Ling Chen			
Gowin Smart Parking Co., Ltd.	Chairman	Representative: Chih-Fang Lin	5,000,000	100.00%	Gowin Building Management and Maintenance Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Lei Lin			
	Supervisor	Representative: Su-Ling Chen			
Gowin Technology Co., Ltd.	Chairman	Representative: Yi-Chun Chang	10,000,000	100.00%	Gowin Security Co., Ltd.
	Director	Representative: Lei Lin			
	Director	Representative: Lan-Ying Hsu			
	Supervisor	Representative: Su-Ling Chen			
Choppa Tech Co., Ltd.	Chairman	Representative: Chien-Han Lin	8,637,000	57.58%	Speed Investment Co., Ltd.
	Director	Representative: Jung-Kuei Li			
	Director	Representative: Ying-Chun Chen			
	Supervisor	Representative: Ying-Chang Su	1,008,000	6.72%	Gowin Security Co., Ltd.
Lee Yuan Biomedical Co., Ltd.	Chairman	Representative: Hsing-Kuo Chou	5,000,000	100%	Lee Way Electronics Co., Ltd

Company name	Title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3) Number of shares	Ownership held by the Company	Legal entity represented
	Director	Representative: Pei-Hsiu Hung			
	Director	Representative: Fu-Hsing Liu			
	Supervisor	Representative: Su-Ling Chen			
Comlink Fire Systems Inc.	Chairman	Representative: Lei Lin	205,866	99.81%	Speed Investment Co., Ltd.
	Director	Representative: Ching-Chung Teng			
	Director	Representative: Hsing-Kuo Chou			
	Supervisor	Representative: Lan-Ying Hsu	384	0.19%	Titan Star International Co., Ltd.
TransAsia Catering Services	Chairman	Representative: Yu-Lun Wu	24,562,918	67.02%	Taiwan Secom Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Wei-Han Tseng			
	Supervisor	Representative: Su-Ling Chen	2,388,144	6.52%	Trust Sandstone Co., Ltd.
Chung Po Rental Co., Ltd.	Chairman	Representative: Fei-Chang Lin	3,000,000	100.00%	Kuohsing Security Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Hung-Liang Lu			
	Supervisor	Representative: Su-Ling Chen			
SIGMU D.P.T. Co., Ltd.	Chairman	Representative: Lei Lin	1,890,405	61.36%	Speed Investment Co., Ltd.
	Director	Representative: Hsing-Kuo Chou			
	Director	Representative: Chih-Chiang Hu			
	Supervisor	Representative: Chien-Han Lin	4,887	0.17%	Titan Star International Co., Ltd.
Living Plus Food & Beverage Co., Ltd.	Chairman	Representative: Chien-Han Lin	700,000	8.75%	CHOPPA Tech Co., Ltd.
	Director	Representative: Wei-Han Tseng			
	Director	Representative: Yu-Lun Wu			
	Supervisor	Representative: Su-Ling Chen	7,000,000	87.50%	Speed Investment Co., Ltd.
Jiansheng International Co., Ltd.	Chairman	Representative: Jung-Kuei Li	2,000,000	100%	Speed Investment Co., Ltd.
	Director	Representative: Ming-Sheng Lin			
	Director	Representative: Nai-Sen Chang			
	Supervisor	Representative: Ying-Chang Su			
Sunseap Solutions Taiwan Limited	Chairman	Representative: Chien-Han Lin	306,000	51%	Speed Investment Co., Ltd.
	Director	Representative: Fu-Wen Chou			
	Director	Representative: Jung-Kuei Li			
	Director	Representative: Phuan Ling Fong	294,000	49%	Sunseap Group
	Director	Representative: Wu Jueh Ming Lawrence	294,000		
	Supervisor	Sheng-Ying Cheng			

Company name	Title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
Epic Tech Taiwan Inc.	Chairman	Representative: Ming-Sheng Lin	312,000	78%	Speed Investment Co., Ltd.
	Director	Representative: Chien-Han Lin			
	Director	Representative: Nai-Sen Chang			
	Supervisor	Representative: Ying-Chun Chen	780	19.50%	Aion Technologies Inc.
Sphinx Foods Company Limited	Chairman	Representative: Yu-Lun Wu	2,000,000	100%	Speed Investment Co., Ltd.
	Director	Representative: Lan-Ying Hsu			
	Director	Representative: Wei-Han Tseng			
	Supervisor	Representative: Su-Ling Chen			

Note 1: If the affiliated company is a foreign firm, list the person with the corresponding title.
Note 2: If the invested firm is a limited company, please fill in the number of shares and the shareholding ratios. For others, please fill in the paid in capital and the contribution ratio and provide explanation notes.
Note 3: If the directors and supervisors are legal entities, the relevant information of the representatives shall be disclosed.

6. Operation summary of affiliates

Unit: thousand; (Unless, otherwise specified, all values are in NTD)

Company name	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Current Profit and Loss (after tax)	EPS (NTD; after tax)
Kuohsing Security Co., Ltd.	350,025	1,151,330	161,156	990,174	1,206,165	133,557	162,352	4.64
Gowin Building Management and Maintenance Co., Ltd.	351,578	1,003,193	248,118	755,075	1,158,713	122,737	127,875	3.64
Goyun Security Co., Ltd.	265,125	631,569	105,308	526,261	733,785	92,453	90,111	3.40
Lee Bao Security Co., Ltd.	699,862	2,869,765	1,748,208	1,121,557	1,123,451	261,599	202,964	2.90
Aion Technologies Inc.	172,752	350,672	99,836	250,836	318,132	54,336	31,898	1.85
Speed Investment Co., Ltd.	2,419,668	3,175,615	8,433	3,167,182	169,236	155,388	155,788	0.64
Goldsun Express & Logistics Co., Ltd.	599,428	956,826	319,449	637,377	859,984	51,521	44,222	0.74
Chung Hsing E-Guard Co., Ltd.	20,000	60,297	619	59,678	537	111	2,355	1.18
Lee Way Electronics Co., Ltd	300,000	546,326	99,617	446,709	213,918	34,461	54,565	1.82
Titan Star International Co., Ltd.	849,340	1,492,883	99,226	1,393,657	323,286	84,135	126,081	1.48
Goldsun Express Ltd.	33,612	46,682	8,703	37,979	66,525	2,767	2,522	0.75
Zhong Bao Insurance Services Inc.	10,140	34,860	5,561	29,299	16,639	4,700	4,901	4.83
Brightron Technology and Engineering Corporation	262,400	357,612	110,744	246,868	75,733	(26,331)	(25,519)	(0.97)
Babyboss City Limited	180,000	176,597	19,441	157,156	118,891	(3,731)	(4,023)	(0.22)
Lots Home Entertainment Co., Ltd.	205,000	81,597	51,365	30,232	3,721	(1,333)	(4,581)	(0.22)
SVS Corporation	80,000	51,411	12,966	38,445	30,971	598	1,221	0.15
Lee Bao Technology Co., Ltd.	50,000	32,753	86	32,667	60,862	763	620	0.12
Goyun Security Co., Ltd.	40,000	138,474	52,376	86,098	424,958	33,696	27,606	6.90
	150,000	226,931	55,484	171,447	120,207	10,161	(3,090)	(0.21)

Company name	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Current Profit and Loss (after tax)	EPS (NTD; after tax)
Choppa Tech Co., Ltd.								
Goyun Technology Co., Ltd.	100,000	97,909	12,528	85,381	72,338	(3,021)	(2,866)	(0.29)
Comlink Fire Systems Inc.	2,063	56,512	13,832	42,680	142,511	14,446	11,778	57.09
Lee Yuan Biomedical Co., Ltd.	30,000	76,654	18,435	58,219	73,333	29,537	23,687	7.90
SIGMU D.P.T. Co., Ltd.	30,808	134,820	50,238	84,582	111,932	12,494	7,857	2.55
Gowin Smart Parking Co., Ltd.	50,000	77,012	31,955	45,057	50,884	441	216	0.04
TransAsia Catering Service Ltd.	366,480	1,106,406	210,632	895,774	599,499	20,916	24,070	0.66
Chung Po Rental Co., Ltd.	30,000	28,267	903	27,364	1,172	(448)	(356)	(0.12)
Living Plus Food & Beverage Co., Ltd.	80,000	81,353	31,942	49,411	46,234	(16,765)	(19,014)	(2.38)
Jiansheng International Co., Ltd.	20,000	23,107	2,993	20,114	305	71	71	0.04
Sunseap Solutions Taiwan Limited	6,000	5,977	180	5,797	-	(208)	(203)	(0.34)
Epic Tech Taiwan Inc.	40,000	34,414	3,964	30,450	4,240	(10,541)	(10,550)	(2.64)
Sphinx Foods Company Limited	20,000	19,784	65	19,719	0	(289)	(281)	(0.14)

8-1-2. Affiliation report

Declaration

The Company hereby declares that the companies required to be included in the consolidated financial statements of affiliates (from January 1, 2020 to December 31, 2020) in accordance with "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" are all the same as companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in IFRS 10, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Therefore, the Company does not prepare separate consolidated financial statements of affiliates.

Hereby certify

Company: Taiwan Secom Co., Ltd.

Chairman: Lin, Hsiao-Hsin

March 19, 2021

8-2.Private equity securities transactions in recent years and to the publication date of the annual report: None.

8-3.Holding or disposal of the company's shares by the subsidiaries in the most recent year and to the publication date of the annual report:

Name of Investee	Paid-up capital (Note)	Sources of Capital	The Company's shareholding ratio	Date of acquisition or disposal	Number of shares acquired and amount	Shares disposed of and amount	Profit or loss in investment (Note 1)	Shares Owned and Amount as of Publication Date of Annual Report	Set Pledge	Amount of Company's Endorsement/Guarantee for Subsidiaries	Amount of Company's Loans to Subsidiaries
Speed Investment Co., Ltd.	2,287,918	Own funds source of capital	100.00%	2020/9/25	1,421,043 shares NT$120,789 thousand	-	-	3,447,198 shares NT$321,624 thousand	None	-	-
Kuohsing Security Co., Ltd.	350,025	Own funds source of capital	83.77%	-	-	-	-	3,625,284 shares NT$338,239 thousand	None	-	-
Gowin Building Management and Maintenance Co., Ltd.	351,578	Own funds source of capital	80.96%	-	-	-	-	2,232,564 shares NT$208,298 thousand	None	-	-
Goyun Security Co., Ltd.	277,055	Own funds source of capital	100.00%	-	-	-	-	252,820 shares NT$23,588 thousand	None	-	-
Chung Hsing E-Guard CO., LTD.	20,000	Own funds source of capital	100.00%	-	-	-	-	552,655 shares NT$51,564 thousand	None	-	-
Titan Star International Co., Ltd.	728,551	Own funds source of capital	100.00%	2020/9/25	-	1,421,043 shares NT$ 120,789 thousand	84,198	- shares NT$- thousand	None	-	-
Lee Way Electronics Co., Ltd	200,000	Own funds source of capital	34.29%	-	-	-	-	163,284 shares NT$15,234 thousand	None	-	-
As of the printing date of this annual report					1,421,043 shares NT$120,789 thousand	1,421,043 shares NT$120,789 thousand	84,198	10,273,805 shares NT$ 958,547 thousand	None	-	-

Note: Paid-in capital as of the date of publication of the annual report.

Note 1: The investment income is recorded in the "Undistributed Earnings" entry, and does not have a significant effect on the financial performance and position.

8-4.Other necessary additional statements: None.

IX. Matters that have a significant impact on shareholders' equity or securities prices as set forth in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act in the most recent year and to the publication date of the annual report: None.

TAIWAN SECOM COMPANY LTD.
Annual Report 2020

Chairman
林孝信