

# Annual Report 2021



智慧開門

社區公告

生活繳費

領取包裹

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Taiwan Stock Exchange Market Observation Post System:

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## **I. Letter to Shareholders**

The continuous proliferation of the novel coronavirus pandemic in 2021 made many countries restart their pandemic prevention and control measures, causing disruption to the global supply chain. Geopolitical risks, energy shortages, inflation and other factors also caused uncertainty in the global economy. In its forecast released in November 2021, the Taiwan Institute of Economic Research revised the 2022 GDP growth rate down by 2.0%, showing that the coming year is full of challenges. The pandemic has brought us a turning point in crisis. In order to achieve stable growth, we have been seeking cross-industry collaboration and innovative applications in recent years, so as to continuously upgrade our services, and integrate new technologies into services to actively make them more intelligent. Our operation in the direction of smartness has also achieved results under many challenges of the general environment, leading the Company to continue to grow steadily.

### **Business and Financial Performance**

The consolidated revenue of the Company and its subsidiaries (Taiwan Secom Group) in 2021 was NTD 14,134,897 thousand, an increase of NTD 428,592 thousand, or 3.13%, over the same period in 2020. The consolidated operating income in 2021 was NTD 2,665,886 thousand, an increase of NTD 25,890 thousand, or 0.98%, over the same period in 2020. The consolidated net income after tax was NTD 2,578,885 thousand, an increase of NTD 141,657 thousand, or 5.81%, over the same period in 2020. Earnings per share (EPS) was NTD 5.73, an increase of 5.72% over 2020. In the past five years, Taiwan Secom Group's annual consolidated operating revenue has continued to grow. Especially in the past two years, the Group has not been affected by the novel coronavirus pandemic, and its performance has continued to reach new highs. This is the result of the team effort of everyone at Taiwan Secom Group.

### **Status of Research and Development**

The Company began to computerize control operations in 1990, bringing

technology into the traditional security industry to unify the management of security signals and dispatching operations throughout Taiwan. With our relentless efforts, we constantly create new products, from the promotion of AED to the leading position in today's smart city initiatives. We continue to carry out diversification in our operations, and the service scope protects the safety of the people in the areas of buildings, disaster prevention and control, traffic, food and beverage, medical care, and so on.

In order to provide people with safe and reliable services, we increased our research and development expenses to NTD 112,028 thousand in 2021. At present, we have successfully developed a type of fire sensor with wireless communication functions, which can immediately alert the police and fire department force in a fire incident and continuously monitor the on-site situation to call for further emergency response as needed.

The application of video surveillance has become common in Taiwan. We have developed an AI smart image analysis platform, which uses AI technology to filter videos and extract necessary or required segments, saving a lot of labor costs and greatly improving efficiency. This year, we also added CareView smart video management system which incorporates the functions of emergency rescue request, defense request and automatic scheduling into the App to provide customers with safer and faster smart services.

For future development, we will integrate automation and technology with the comfortable, convenient and reassuring services provided to customers, and continue to adopt the AIoT for the five main fields with smart applications, city, construction, disaster prevention and control, commercial offices and community, to expand services and create new revenue streams for our business.

### **Impact of the Competitive Environment, Regulatory Environment, and Macroeconomic Environment**

Looking forward to Taiwan's economy in 2022, the coverage of vaccines has increased and countries have lifted the lockdown one after another, but the

monetary policies of various economies have recently begun to change, and the effect of fiscal relief has gradually declined. As Taiwan emerged from the shadow of the pandemic, the government's various economic revitalization policies and the increase in basic living expenses to help reduce the public's tax burden and increase household disposable income. The Taiwan Institute of Economic Research forecasted that for Taiwan's general economy in 2022, the private sector consumption will be the main driving force; the growth of consumption would be 5.03%, which will drive the domestic demand. With the Company's diversification in business, the recovery in various industries will bring in more revenue.

In terms of the impact of the external competitive environment, we have always stayed at the forefront of trends, providing integrated security solutions for all businesses and community households, and developing and applying technology to lead the industry. Amid the issues of rising labor costs, many industries are taking steps to promote unmanned operations, while maintaining safety. We also help enterprises reduce labor costs and meet other needs through the assistance of technology, maintaining our leadership in the field of smart security.

### **Future business plan and development strategy**

Amid the continuing fluctuations in the global economy due to the pandemic, the items and types of services in the security industry may have changed, the needs of people and enterprises for security remain the same. The use of technology in people's life will continue to expand, so we have also constantly sought innovations. We have entered several industries from the perspective of security, and brought new technology to build a smart and more connected world. Looking ahead to the new year, the Group's important development blueprint is as follows:

#### **1. One-stop community services:**

Over the years, Taiwan Secom Group has launched programs such as "My Vita" and "Cloud Guard", which have extended the services provided by the

Group from "downstairs" to "upstairs". In order to help clients take care of daily chores in communities at their fingertips, the Taiwan Secom Good Life App platform, which was launched in 2021, turns building security guards into smart housekeepers, not only turning community residents into customers, but also establishing a Secom ecosystem to help our clients solve pain points in daily life with technology. In the future, users at home just need to use the Secom Good Life App to instantly check community announcements, request repair, pick up packages and pay management fees through mobile payment, and they can at the same time know the patrol and community cleaning schedules, further connecting all smart families to their smart communities.

## 2. One-stop commercial store services:

Taiwan Secom Group provides smart store solutions such as store management, anti-theft surveillance, disaster management, access control and attendance and other services, and has accumulated a large number of business clients and precious big data. The future goal of the Group is to use these valuable data to provide consultation to entrepreneurs who plan to open their own stores and help them in areas such as location selection, lease, design, decoration, equipment, supply chain management, product design, marketing and operations, so they can expand their market and improve management efficiency.

## 3. One-stop building planning

In order to effectively improve the overall competitiveness and integrate the diverse services of Taiwan Secom and the other subsidiary under the same parent, Goldsun (2504), Brighton Technology and Engineering Corporation were established in 2019 to become Taiwan's only engineering integration company that provides one-stop mechanical and electrical, fire protection and disaster prevention services. The company plans the "Parc!Here" parking services on vacant land plots, followed by the inputs from Brighton's mechanical, electrical and fire protection, Goldsun's concrete, Kuoyung Construction & Engineering, and completed with Goyun's building management, My Vita, Brighton's disaster

prevention. The joint effort creates a smart construction site platform, and has become a benchmark for efficient management of job sites and buildings.

#### 4. Energy conservation and carbon emissions reduction in one stop:

The green circular economy is currently the most important direction for the sustainable development of all industries. Taiwan Secom uses resources from the corporate group to establish Sunseap Solutions Taiwan Ltd., which has strategically planned the promotion of green practices, energy conservation, power integration and zero-carbon communities and become a member of the MIH Open EV Alliance in 2021. Green roofs can achieve roof waterproofing and cooling and reduce air-conditioning and drainage disasters in heavy rain. Energy conservation planning is a must for all buildings in the future, especially for old buildings, which add more costs from energy consumption and failure rates to owners, making replacement imminent. These measures become important for sustainable growth in the future if peak demand cannot be met and cost of electricity continues to rise.

Taiwan Secom Group has always provided reassuring and trustworthy services, and will continue to innovate and explore possibilities. Now is always a good time to realize a better life in the future.

Lastly,

We would like to wish you all good health and prosperity!

Chairman      LIN, Hsiao-Hsin



## II. Company Profile

### 2-1 Date of Establishment

The Company was founded on November 8, 1977.

### 2-2 Company History

1977/11	<p>Mr. LIN Hsiao-Hsin (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 Taiwan's private security services industry.</p> <p>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.</p> <p>In the course of more than 30 years of development, there are many key matters:</p>
1981/06	Added residency services (security guards) and sales of fire-proof and anti-theft equipment.
1983/05	Started to take on bank cash Delivery Service. Offered good performance and the Company gradually gained reputation.
1987/12	Annual revenue was NT\$751 million (approximately US\$30.04 million), ranking 137th among Taiwan's top 300 service firms.
1990/11	Purchased Stratus computers for computerization of control operations. Completed the implementation in May 1992 to manage security signals and dispatch operations throughout Taiwan.
1992/06	Introduced a home security system which offers anti-theft, fire prevention, gas leak detection and access control system, and can remotely control four sets of electrical equipment at home through a computer to achieve household automation.
1992/12	Completed establishment of high-speed optical fiber network trunk lines to increase the information transmission speed between Taipei, Taichung, and Kaohsiung.
1993/06	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.
1993/12	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 961,940 subscriptions and had the lowest winning rate for the luck for allocation of shares at 0.84%.
1995/12	The Company's stocks were approved to be upgraded to Class 1 shares.
1996/07	Taiwan Secom Culture Foundation was formally established.
1997/10	The Company acquired the UK SGS ISO/9002 quality assurance certification.
2001/05	Ranked by Commonwealth Magazine as #176 of top 500 service firms. The net profit was ranked #37, and the gross margin was ranked #29.
2005/12	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.
2008/06	Mr. ONODERA Hirofumi was appointed as the Chief Executive Officer of the Company.
2009/02	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.
2009/05	Taiwan Secom Home Area Smart Management introduced the condominium version of MyCASA to meet the demand of simplified construction of new buildings and multiple MyCASA hosts.
2009/07	The Company launched a new generation of Home Area Smart 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.
2010/02	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.
2010/06	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.
2011/03	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 an 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.
2011/08	In response to the Executive Yuan's policy on special municipalities on December 25, 2010, 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.
2011/09	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.

2011/12	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.
2012/06	NXT Smart Commerce System officially launched. It offered security, energy conservation and other management functions to meet the business needs of commercial clients.
2012/09	The Company's affiliated company CHOPPA Tech Co., Ltd 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.
2012/11	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.
2013/02	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.
2013/09	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.
2014/05	Grand opening of MyVITA smart home experience hall to demonstrate Taiwan Secom's commitment in the smart home market.
2014/09	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.
2014/11	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.
2014/12	Collaborated with the National Center for Research on Earthquake Engineering of the National Applied Research Laboratories to jointly announce the Earthquake Alarm Service, opening a new chapter to the earthquake disaster prevention industry.
2014/12	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.
2015/01	Taiwan Secom integrated relevant technologies and equipment to launch the "My Vita," providing convenience services for a smart life through the IoT.
2015/07	Built an exhibition center in Neihu, which integrated technologies for smart home, smart cities, building and office space to enable customers to experience a daily life with smart technologies. ‘
2015/11	Taiwan Secom officially formed a cross-industry alliance with Tatung to introduce smart home appliances to a smart life through the IoT.
2015/11	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.
2016/03	Official opening of My Vita service store “My Vita Extension Service Station,” consolidated resources to reach communities, expand channels and provide services, and more stores would be opened in the future.
2016/03	Acquired the equity of TransAsia Catering Service, and incorporated the meal technologies and manpower of the company into My Vita to build a more complete life service platform. The platform would be closely integrated with the Taiwan Secom Unlimited Home Life Service Stations to expand services.
2016/05	Organized My Vita 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.
2016/07	Established the “My Vita Jianguo Life Experience Hall,” the second locations of the “My Vita Life Experience Hall,” which provided consumers with food, medical care, housing and transportation services through the IoT.
2016/09	Taiwan Secom incorporated system integration and wireless transmission technologies to install Security Surveillance and Control Management system for National Taichung Theater.
2016/12	In Business Today’s survey on business people’s ideal brand, Taiwan Secom once again was ranked the top brand, and has won the award 8 consecutive years.
2016/12	Employee training and education center in Yilan officially opened.
2017/02	Established My Vita 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.
2017/03	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.
2017/08	Taiwan Secom sponsored security surveillance, AEDs and My Vita equipment to the various venues and athlete living quarters of the 2017 Summer Universiade.
2017/09	Participated in the TAF Innovation Base project of the Industrial Development Bureau of the Ministry of Economic Affairs, and officially launched the My Vita IoT Service Innovation Base to enable citizens to experience the future smart daily life.
2018/02	Taiwan Secom Group and Goldsun Building Materials jointly donated NT\$5 million to assist the reconstruction efforts after the 0206 Hualien earthquake.
2018/03	Participated in the Smart City Exhibition with its corporate theme of “Unlimited Future” to demonstrate the value-added services of My Vita and smart speakers, as well as smart care solutions and the future of smart cities with IoT.
2018/07	Invited the well-known baseball star Chien-Ming Wang to be the brand image spokesperson of “My Vita.” A series of videos and ads were made available to let the general public know more about the products and

	services offered through “My Vita.”
2018/12	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.
2019/07	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.
2019/10	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 groundbreaking technologies.
2019/11	Taiwan Secom Group reorganized its subsidiaries, Litenet and Tailu Control and Comlink Fire Systems, to establish Brighton 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, Brighton, SIGMU D.P.T, and Taiwan Secom provide the industry’s only turnkey contracting service for “electromechanics, fire prevention, and disaster prevention”.
2020/01	Taiwan Secom Group collaborated with Sunseap Group Pte. Ltd. of Singapore to form Sunseap Solutions Taiwan Ltd., and obtained the management rights to make it an affiliated company under Taiwan Secom Group to develop the green energy industry.
2020/02	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.
2020/04	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.
2021/01	Taiwan Secom helped Kaohsiung in the efforts to transform it into a 5G smart city. Mayor Chi-Mai Chen personally appointed vice chairman LIN Chien-Han as a member of the Smart Cities Promotion Committee.
2021/03	Taiwan Secom participated in the exhibition with its “Secom Technology Smart Pioneering” theme, and displayed five pavilions, “Smart Cities”, “Smart Construction”, “Smart Disaster Prevention”, “Smart Office” and “Smart Community”, which offered interactive experience with nearly 50 smart applications.
2021/05	The Taiwan Secom Good Life App services platform was launched to cultivate the market of smart communities. The free property management platform connects communities and residents, and uses smart technology to make life easier and more convenient.
2021/05	The Taiwan Secom Good Life offers the integration between stores, communities and payment management to enhance the value of My Vita services to consumers and add more to the operations.
2021/11	The subsidiary Titan Star International Co., Ltd. adopted the approach of commissioned development of purchased land to build new plants

and add automated smart production equipment to effectively save manpower and time required and improve product quality.

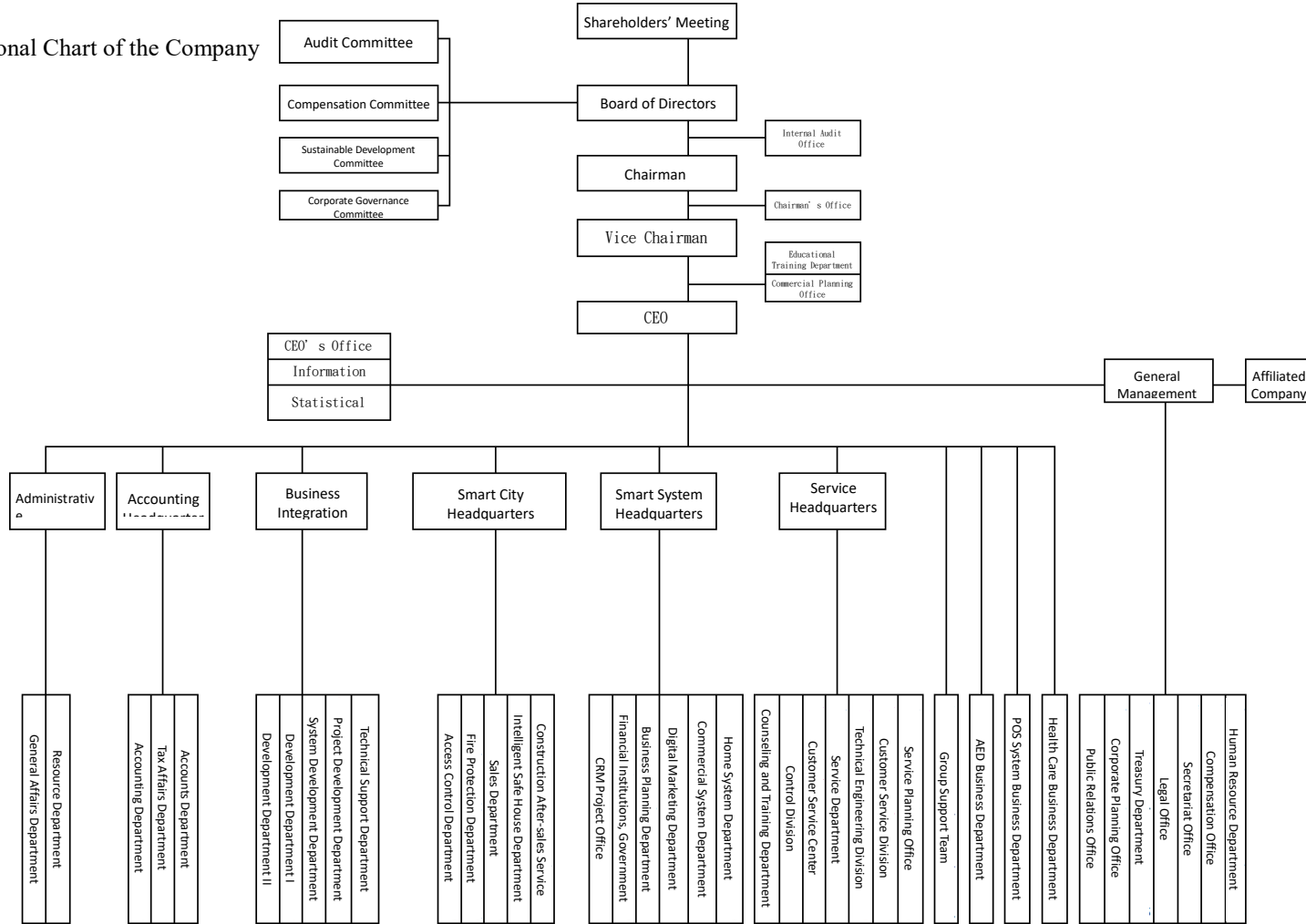
2022/01 Acquired 97.84% equity of Golden Harvest Food Enterprise to expand into the food and beverage business and for diversification. Reinforce the manufacturing and sales capabilities of contract manufacturing products and ready-to-eat foods.

### III. Corporate Governance Report

#### 3-1 Organizational System

##### 3-1-1 Organizational Chart

Organizational Chart of the Company



### 3-1-2 Businesses of major departments

Department	Main Functions
Internal Audit Office	<ul style="list-style-type: none"> <li>● Review the soundness, reasonableness and effectiveness of the internal control system.</li> <li>● Regularly investigate and evaluate the efficiency of each unit in implementing various plans or policies and assigned functions.</li> </ul>
Chairman's Office	<ul style="list-style-type: none"> <li>● Responsible for corporate strategic planning and cross-departmental integration.</li> <li>● In charge of the Company's public relations.</li> </ul>
Commercial Planning Office	<ul style="list-style-type: none"> <li>● Assist in the development and introduction of new products.</li> <li>● Optimize existing products and services.</li> <li>● Optimize the internal processes.</li> <li>● Reduce the procurement costs.</li> <li>● Assist on the vendors assessment.</li> </ul>
Educational Training Department	<ul style="list-style-type: none"> <li>● Establish and revise the overall approach and strategy of educational training, and integrate and plan training needs at all levels.</li> <li>● Planning, integration and implementation of the educational training system.</li> </ul>
General Management Division	<ul style="list-style-type: none"> <li>● In charge of the business management of the Group's subsidiaries and the handling of the board and investor relations affairs.</li> <li>● Manage the needs of diversified market relations, promote the harmony between the Company and media and external relations, and promote the brand image of the Company.</li> <li>● Personnel administration, employee salary and bonus distribution.</li> <li>● Establish the intellectual property system and assist and manage patent applications for the Company.</li> <li>● Review various contractual provisions and assist with legal matters.</li> <li>● Fund dispatching and cashier matters.</li> </ul>
CEO's Office	<ul style="list-style-type: none"> <li>● Contact SECOM Japan for various matters and assist with Japanese translation.</li> </ul>
Information Office	<ul style="list-style-type: none"> <li>● Maintain the email and electronic sign-off system.</li> <li>● Manage the big data analysis platform and support the application of data analysis in each unit.</li> <li>● Establish information security maintenance plans and implement information security standards and inspections.</li> <li>● Manage the connection mode of data among various application systems and the security of data transmission.</li> <li>● Technical support for the problems encountered by employees using computer systems in the Company.</li> </ul>
Statistical Analysis Office	<ul style="list-style-type: none"> <li>● Set up the evaluation and bonus system.</li> <li>● Analyze business performance.</li> <li>● Evaluate operational performance.</li> </ul>
Smart System Headquarters	<ul style="list-style-type: none"> <li>● Develop, manage, plan and implement the businesses.</li> <li>● Collect and analyze market information, develop, implement and evaluate promotion projects.</li> <li>● Promote e-commerce marketing and channel sales. Contracts, quotations, etc.</li> </ul>
Smart City Headquarters	<ul style="list-style-type: none"> <li>● Promote the commercial systems.</li> <li>● Design and plan for the projects.</li> </ul>



	<ul style="list-style-type: none"> <li>● Develop the integration business for new construction sites.</li> </ul>
	<ul style="list-style-type: none"> <li>● Sell, plan and install fire protection system equipment.</li> <li>● Assist in promoting connectivity business after the outright sales.</li> <li>● Provide information on product and functional requirements.</li> <li>● Assist in business development.</li> <li>● System maintenance, safety inspection, project coordination and tracking.</li> </ul>
Business Integration Division	<ul style="list-style-type: none"> <li>● Research on consumer market demand.</li> <li>● Plan and design innovative services and evaluate the operating models.</li> <li>● Research and Development of new products and technical guidance.</li> <li>● Develop and design software and firmware interfaces and image integration.</li> <li>● Technical support and training for various systems.</li> <li>● Establish and implement quality control system.</li> <li>● Assist sales units in surveying new products and evaluating their introduction.</li> <li>● Formulate technical specifications related to system installation, construction, inspection and repairs etc.</li> <li>● Select and introduce purchased items.</li> </ul>
Service Headquarters	<ul style="list-style-type: none"> <li>● In charge of maintaining the security of our customers.</li> <li>● Adoption and promotion of personal data protection systems.</li> <li>● Operation and control processing of services.</li> <li>● Training and management for service engineers.</li> <li>● Set up control centers and customer service center.</li> <li>● Set, track, consolidate, audit, and analyze customer service and collection performance, and formulate related policies and management plans.</li> <li>● Promote the projects of service quality improvement and improvement of deficiencies.</li> </ul>
Accounting Headquarters	<ul style="list-style-type: none"> <li>● Enhance the handling of accounting affairs and establish and plan the accounting system.</li> <li>● Provide accurate and timely accounting and financial information for the reference of decision making.</li> <li>● Implement data, invoice and tax management.</li> </ul>
Administrative Headquarters	<ul style="list-style-type: none"> <li>● Purchase materials and supplies, control stocks, manage inventory regularly, and plan and manage resources.</li> <li>● Responsible for purchasing and negotiating prices of various items, and managing documents and seals.</li> <li>● Purchase, sale, lease and maintenance of land, buildings, offices and dormitories.</li> <li>● Company vehicle maintenance and scheduling management.</li> <li>● Contract management and assessment work.</li> </ul>

3-2 Information of the Directors, Independent Directors, General Managers, Vice Presidents and Assistant Managers of departments and branches

3-2-1 Directors

1. Directors information

Present base date of the no. of shares held: March 31, 2022

Title	Nationality of registration place	Name	Gender Age	Elected (Inaugurated) date	Term	Date first elected	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	LIN Hsiao-Hsin	Male 71-80 years old	2020.06.16	3 years	1996.04.20	4,010,918	0.89%	4,150,918	0.92%	-	-	-	-	B. Eng., Tokyo University of Science, Japan	None	Vice Chairman	LIN Chien-Han	Father-son
																	Director	LIN Ming-Sheng	Father-son
Vice Chairman	ROC	Hsin Lan Investment Co., Ltd.	-	2020.06.16	3 years	2014.06.24	3,940,585	0.87%	3,970,585	0.88%	-	-	-	-	-	-	-	-	-
	ROC	Representative: LIN Chien-Han	Male 41-50 years old				1,126,315	0.25%	1,218,315	0.27%	-	-	-	-	Middlesex University Master's degree from Business Management (Marketing)	Director of Goldsun Building Materials Chief Executive Officer of the Company	Chairman	LIN Hsiao-Hsin	Father-son
																	Director	LIN Ming-Sheng	Brothers
Director	Japan	SECOM Co., Ltd.	-	2020.06.16	3 years	1981.12.09	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	-	-	-
	Japan	Representative: SATO Sadahiro	Male 61-70 years old				-	-	-	-	-	-	-	-	BA in Economics, Waseda University, Japan	Executive Director, SECOM Co., Ltd.	-	-	-
Director	Japan	SECOM Co., Ltd.	-	2020.06.16	3 years	1981.12.09	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	-	-	-
	Japan	Representative: NAKATA Takashi	Male 51-60 years old				-	-	-	-	-	-	-	-	Bachelor and Master of Science and Engineering, University of Tsukuba, Japan	SECOM Co., Ltd. GROUP Head of International Department	-	-	-
Director	ROC	TU Heng-Yi	Male 61-70 years old	2020.06.16	3 years	2011.06.15	50,750	0.01%	50,750	0.01%	-	-	-	-	Hawaii National University MBA	Chairman of Wan Yuan Textiles	-	-	-
Director	Japan	SECOM CO., Ltd.	-	2020.06.16	3 years	1993.03.30	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	-	-	-
	Japan	Representative: ONODERA Hirofumi	Male 61-70 years old				115,429	0.03%	115,429	0.03%	-	-	-	-	Muroran Institute of Technology Bachelor of Department Mechanical Engineering, Faculty of Engineering	Head of Head of Chief Executive Officer	-	-	-
Director	ROC	Yuan Hsin Investment Co., Ltd.	-	2020.06.16	3 years	2002.06.19	8,018,190	1.78%	8,048,190	1.78%	-	-	-	-	-	-	-	-	-
	ROC	Representative: LIN Ming-Sheng	Male 41-50 years old				1,213,941	0.27%	1,213,941	0.27%	111,005	0.02%	-	-	University of California, Hastings College of the Law Ph.D. In Law	Vice chairman of Goldsun Building Materials	Chairman	LIN Hsiao-Hsin	Father-son
																	Vice Chairman	LIN Chien-Han	Brothers
Director	ROC	Chin Kuei Investment Co., Ltd.	-	2020.06.16	3 years	2008.06.13	1,100,195	0.24%	1,100,195	0.24%	-	-	-	-	-	-	-	-	-
	ROC	Representative: HSU Lan-Ying	Female 61-70 years old				-	-	-	-	-	-	-	-	Department of Oriental Languages at Fu Jen Catholic University	Chairman of Goldsun Building Materials	-	-	-
Independent Director	ROC	CHEN Tien-Wen	Male 61-70 years old	2020.06.16	3 years	2017.06.22	-	-	-	-	-	-	-	-	MBA in Business Administration, University of Southern California, USA	Chairman of CAI Clobal Holdings Ltd.	-	-	-
Independent Director	ROC	CHIANG Yung-Cheng	Male 61-70 years old	2020.06.16	3 years	2020.06.16	-	-	-	-	-	-	-	-	BL in Law, Soochow University	Lawyer, Zhengbang and Zhengyang United Law Firm	-	-	-
Independent Director	ROC	TUNG Chun-Yi	Male 41-50 years old	2020.06.16	3 years	2020.06.16	-	-	-	-	-	-	-	-	MS in LSI, Waseda University, Japan	Chairman, ABICO Group	-	-	-

Note: In situations where the company's chairman, General Manager 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.

2. Table 1: Major Institutional Shareholders

March 31, 2022

Name of Corporate Director	Major Institutional Shareholders (shareholding)
Hsin Lan Investment Co., Ltd.	LIN Hsiao-Hsin 14.67%, CHUANG Su-Chu 14.25%, LIN Ming-Sheng 1.21%, LIN Chien-Han 1.21%, LIN Hsiu-De 0.33%, Cheng Hsin Investment Co., Ltd. 68.33%
SECOM Co., Ltd.	The Master Trust Bank of Japan, Ltd.(Trust Account) 20.80%, Custody Bank of Japan, Ltd. (Trust Account)7.42%, JP Morgan Chase Bank 4.37%, STATE STREET BANK AND TRUST COMPANY 505223 2.48%, Custody Bank of Japan, Ltd. (Trust Account 7) 2.22%, STATE STREET BANK WEST CLIENT-TREATY 505234 2.01%
Yuan Hsin Investment Co., Ltd.	LIN Hsiao-Hsin 22.05%, CHUANG Su-Chu 27.37%, LIN Ming-Sheng 25.29%, LIN Chien-Han 25.29%
Chin Kuei Investment Co., Ltd.	HSU Ming-De 18.86%, LIN Chun-Mei 71.09%, CHANG Li-Ying 3.46%, TSAI Jia-Jung 2.07%, HSU Chung-Li 4.52%

Table 2: Major shareholders of corporate shareholders in Table 1 who are legal persons

March 31, 2022

Name of Corporate Director	Principal shareholders of corporate shareholders (shareholding)
Cheng Hsin Investment Co., Ltd.	LIN Hsiao-Hsin 44.27%, CHUANG Su-Chu 22.20%, LIN Ming-Sheng 16.76%, LIN Chien-Han 16.76%

### 3. Directors information

#### I. Disclosure of professional qualifications of directors and independence of independent directors:

Criteria Name	Professional qualifications and experience	Status of independence	Number of concurrent independent director posts to other public companies
Chairman LIN Hsiao-Hsin	Served as chairman and director of listed companies, with broad industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	N/A	
Vice Chairman LIN Chien-Han	Served as vice chairman of listed companies and has extensive industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	N/A	
Director SATO Sadahiro	Served as director of companies and has extensive industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	N/A	
Director NAKATA Takashi	Served as director of companies and has extensive industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	N/A	
Director ONODERA Hirofumi	Served as chief executive officer and director of listed companies and has extensive industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	N/A	
Director LIN Ming-Sheng	Served as chairman of companies and has extensive industry experience and organizational management	N/A	1

Criteria Name	Professional qualifications and experience	Status of independence	Number of concurrent independent director posts to other public companies
	capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.		
Director HSU Lan-Ying	Served as chairman and director of listed companies, with broad industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	N/A	
Director TU Heng-Yi	Served as chairman and director of listed companies, with broad industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	N/A	
Independent Director CHEN Tien-Wen	Served as chairman of Jiarui Investment and independent director of listed companies, with broad industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	Meet the eligibility criteria specified in Articles 2, 3 and 4 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies two years before being elected and during the term of office.	2

Criteria Name	Professional qualifications and experience	Status of independence	Number of concurrent independent director posts to other public companies
Independent Director CHIANG Yung-Cheng	Served as attorney of Zhengbang & Zheng Yang Associates Law Firm and independent director of listed companies, with broad industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	Meet the eligibility criteria specified in Articles 2, 3 and 4 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies two years before being elected and during the term of office.	3
Independent Director TUNG Chun-Yi	Served as chairman of Ability Venture Management and independent director of listed companies, with broad industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	Meet the eligibility criteria specified in Articles 2, 3 and 4 of "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies two years before being elected and during the term of office.	1

## II. Board of Directors Diversity and Independence:

### (1) Diversity of the Board of Directors:

#### A. Improve Board of Directors functions:

The board meeting is held at least once a quarter, and the chairman is mainly responsible for improving corporate governance and presiding over the operation of the board. According to the Company's Articles of Incorporation and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, the selection of directors takes into account the overall configuration of the board. The composition of the Board of Directors considers judgement in operations and management capabilities, accounting and financial analysis capabilities, risk management, industry knowledge, international market perspectives, leadership, decision-making, etc.

#### B. Professional and diverse board of directors:

The Company's 16th Board of Directors consists of 11 directors, including 3 independent directors, with 27% of the seats held by independent directors, thereby enhancing the independence of the Board. The board meeting is held at

least once a quarter, and the chairman is mainly responsible for improving corporate governance and presiding over the operation of the board. The Company also emphasizes gender equality in the composition of the Board of Directors and aims to increase the number of directors of each gender to one-third. Of the 11 members of the Board of Directors, 91% (10) are male directors (including independent directors) and 9% (1) are female directors. The Company shall endeavor to increase the number of female board members in the future, and has already achieved its goals.

C. Implementation of diversity of board members:

The current Board of Directors is composed of 11 directors, all of whom have corporate management practices in listed companies. In addition to possessing leadership and decision-making, crisis management skills and international market insights, among the 3 independent directors, CHEN Tien-Wen is the Chairman of CAI Global Holdings Ltd., CHIANG Yung-Cheng is the partner attorney of Zhengbang & Zheng Yang Associates Law Firm, and TUNG Chun-Yi is the Chairman of Ability Venture Management Co., Ltd. They have expertise in legal practice, finance and accounting, industry knowledge and business judgment, respectively. Among the other 8 non-independent directors, as well as possessing key managerial experience, Directors LIN Hsiao-Hsin and HSU Lan-Ying serve as chairman of listed companies, Director LIN Chien-Han is an industry professional, Director LIN Ming-Sheng has a doctorate in law and is an industry professional, and Director TU Heng-Yi is the chairman of Wan Yuan Textile Co., Ltd. Composition and capabilities of the board of directors:

Diversity policy Name	Basic Composition (Note 1)			Professional experience (Note 2)						
	Concurrently an employee of the Company	Length of service of independent Directors		Laws	Accounting	Industry	Finance	Marketing	Technology	Professional competence
		Under 3 years	6-9 years							
LIN Hsiao-Hsin				✓	✓	✓	✓	✓	✓	Engineering
LIN Chien-Han	✓			✓	✓	✓	✓	✓	✓	Marketing management
Sadahiro Sato				✓	✓	✓	✓	✓	✓	Economics
Takashi Nakata				✓	✓	✓	✓	✓	✓	Engineering
Hirofumi Onodera	✓			✓	✓	✓	✓	✓	✓	Engineering
LIN Ming-Sheng	✓			✓	✓	✓	✓	✓	✓	Jurisprudence
HSU Lan-Ying	✓			✓	✓	✓	✓	✓	✓	Business
TU Heng-Yi				✓	✓	✓	✓	✓	✓	Enterprise management
CHEN Tien-Wen			✓	✓	✓	✓	✓	✓	✓	Enterprise management
CHIANG Yung-Cheng		✓		✓	✓	✓	✓	✓	✓	Jurisprudence
TUNG Chun-Yi		✓		✓	✓	✓	✓	✓	✓	Engineering

Note 1: For the nationality, gender and age of each director and independent director, please refer to (I) Director 1. Profile of Directors in the annual report.

Note 2: ✓ means capability in the field.

(2) Independence of the Board of Directors:

A. The Company has 11 directors, including 3 independent directors, who account for 27% of the board seats. The independent directors of the Company have issued statements at the time of election and during their term of office, respectively, stating that they meet the eligibility criteria specified in the

Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies and Article 14-2 of the Securities Exchange Act two years before being elected and during the term of office. The company shall review the independence of independent directors every year and issue an independent director qualification checklist for future reference in order to comply with the independence requirements.

- B. Vice chairman LIN Chien-Han and the representative of Yuan Hsin Investment Co., Ltd., LIN Ming-Sheng, are relatives within the second degree of kinship, and there are no circumstances stipulated in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.



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

Base date of the number of shares held: March 31, 2022

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	LIN Ming-Sheng	Male	2007.03.29	1,213,941	0.27%	111,005	0.02%	Ph.D. In Law, University of California, Hastings College of the Law	Vice chairman of Goldsun Building Materials Co., Ltd.	Chief Executive Officer	LIN Chien- Han	Brother
Head of Chief Executive Officer	Japan	ONODERA Hirofumi	Male	2016.01.01	115,429	0.03%	-	-	BS in Mechanics, Muroran Institute of Technology, Japan	None	-	-	-
Chief Executive Officer	ROC	LIN Chien-Han	Male	2016.01.01	1,218,315	0.27%	-	-	MA in Marketing Management, Middlesex University, UK	Director of Goldsun Building Materials Co., Ltd.	Chief Strategy Officer	LIN Ming- Sheng	Brother
Chief Executive Officer	ROC	LI Jung-Kuei	Male	2016.01.01	21,156	-	21	-	Department of Electronics, Kuang Wu Industry Junior College	Director of Aion Computer Communication Co., Ltd.	-	-	-
Chief Executive Officer	ROC	CHOU Hsing-Kuo	Male	2016.01.01	-	-	-	-	Institute of Civil Engineering and Disaster Prevention, National Taipei University of Technology	Director of Lee Way Electronics Co., Ltd.	-	-	-
Chief Executive Officer	ROC	CHEN Su-Ling	Female	2016.01.01	-	-	-	-	Comprehensive Commerce, Taipei Municipal Shilin High School of Commerce	Supervisor of Transasia Catering Services	-	-	-
General Manager	ROC	HSU Lan-Ying	Female	94.03.25	-	-	-	-	Department of Oriental Languages at Fu Jen Catholic University	Chairman of Goldsun Building Materials	-	-	-
General Manager	ROC	CHIANG Wen-Liang	Male	2014.03.01	-	-	-	-	Department of Electrical Engineering, Kuang Wu Industry Junior College	Chairman of Titan Star International	-	-	-
General Manager	ROC	CHANG Chun-Yuan	Male	2016.02.22	20,190	-	480	-	Graduate School of Agricultural Engineering, National Taiwan University	None	-	-	-
General Manager	ROC	LEI Ching-Ming	Male	2017.03.01	1,065	-	-	-	College of Law, National Taiwan University	Chairman of Zhong Bao Insurance Broker Inc.	-	-	-
General Manager	ROC	CHANG Lan-Ching	Female	2021.09.16	-	-	-	-	Graduate of Master of the Management Decision Concentration of Department of Accounting, National Taiwan University	Director of Gowin Building Management and Maintenance Co., Ltd.	-	-	-
General Manager	ROC	HUANG Hsien-Kuei	Male	2022.03.01	135	-	-	-	Automobile Maintenance Department, Taipei Jingwen High School	None	-	-	-
General Manager	ROC	TENG Ching-Chung	Male	2022.03.16	-	-	2,000	-	Department of Industrial Engineering Management, Lunghwa University of Science and Technology	Director of Comlink Fire Systems Inc.	-	-	-
General Manager	ROC	CHANG Nai-Sen	Male	2022.03.16	3,000	-	-	-	Department of Business Administration, Concordia University, Canada	Director of Jiansheng International Co., Ltd.	-	-	-
General Manager	ROC	LU Chen-Lung	Male	2022.03.16	-	-	-	-	Department of Electrical Engineering, Military Academy	None	-	-	-
Vice President	ROC	CHEN Chia-Ying	Female	2014.10.30	-	-	-	-	MSc Development Economics and Policy, University of Manchester	General Manager of Goldsun Building Materials	-	-	-
Vice President	Japan	TAKAHA Hidenori	Male	2017.11.01	-	-	-	-	Bachelor of Law, Tokai University, Japan	None	-	-	-
Vice President	ROC	LIN Chia-Hui	Female	2019.03.01	-	-	-	-	EMBA, College of Commerce, National Chengchi University	None	-	-	-
Vice President	ROC	WANG Chih-Chiang	Male	2019.03.01	-	-	-	-	Department of Printing, Chinese Culture University	None	-	-	-

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
Vice President	ROC	CHAN Jui-Tung	Male	2020.03.01	17	-	-	-	Electrical Engineering Department, Nan-Tai Junior College of Engineering	None	-	-	-
Vice President	ROC	HUNG Pei-Hsiu	Male	2020.03.01	-	-	-	-	Graduate Institute of Biomedical Informatics, Taipei Medical University	General Manager of Lee Way Electronics Co., Ltd	-	-	-
Vice President	ROC	CHANG Hui-Ching	Female	2021.01.01	-	-	-	-	Department of Public Relations and Advertising, Shih Hsin University	None	-	-	-
Vice President	ROC	LIU Yun-Fang	Female	2021.03.01	-	-	-	-	Department of French at Wenzao Ursuline University of Languages	Vice President of Lee Bao Security Co., Ltd.	-	-	-
Vice President	ROC	WU Jung-Hua	Male	2022.03.01	-	-	-	-	Department of Electronic Engineering at Chung Yuan Christian University	None	-	-	-

Note 1: The Company's CAO is the Chief Executive Officer CHEN Su-Ling.  
Note 2: General Manager CHANG Lan-Ching is the Company's chief financial officer.  
Note 3: The Company's CEO have not yet held shares in the names of others.  
Note 4: In situations where the company's chairman, General Manager 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.

3-2-3 Remuneration paid to Directors, Independent Directors, General Managers, 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								Sum of A, B, C, D, E, F and G as 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's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)		All companies in the financial statements		The Company's percentage of shareholding (%)	All companies in the financial statements	
Chairman	LIN Hsiao-Hsin	11,280	11,280	-	-	42,051	42,051	2,576	2,576	55,970 2.21%	55,970 2.21%	-	-	-	-	-	-	-	-	55,907 2.21%	55,907 2.21%	1,200
Vice Chairman	Hsin Lan Investment Co., Ltd. Representative: LIN Chien-Han	280	280	-	-	25,230	25,230	50	50	25,560 1.01%	25,560 1.01%	11,133	11,725	-	-	-	-	-	-	36,693 1.45%	37,285 1.48%	-
Director	SECOM Co., Ltd. Representative: SATO Sadahiro	1,680	1,680	-	-	50,460	50,460	300	300	52,440 2.08%	52,440 2.08%	17,068	19,011	-	-	39	-	39	-	69,547 2.75%	71,490 2.83%	27,620
Director	SECOM Co., Ltd. Representative: NAKATA Takashi																					
Director	TU Heng-Yi																					
Director	SECOM Co., Ltd. Representative: ONODERA Hirofumi																					
Director	Yuan Hsin Investment Co., Ltd. Representative: LIN Ming-Sheng																					
Director	Chin Kuei Investment Co., Ltd. Representative: HSU Lan-Ying																					
Independent Director	CHEN Tien-Wen	9,000	9,000	-	-	-	-	330	330	9,330 0.37%	9,330 0.37%	-	-	-	-	-	-	-	-	9,330 0.37%	9,330 0.37%	-
Independent Director	CHIANG Yung-Cheng																					
Independent Director	TUNG Chun-Yi																					

Note 1: No cost of vehicles purchased by the Company for directors.

Note 2: Cost of salary for the drivers who drive vehicles for directors, NT\$1,222 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 of 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 of Directors evaluates 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.

Range of Remunerations

Range of Remunerations of Directors	Name of Director				
	Total of A+B+C+D		Total of A+B+C+D+E+F+G		
	The Company's percentage of shareholding (%)	All companies in the financial statements I	The Company's percentage of shareholding (%)	Parent company and all reinvested businesses J	
under NT\$1,000,000	-	-	-	-	
NT\$1,000,000 (including) ~ NT\$2,000,000 (not including)	-	-	-	-	
NT\$2,000,000 (including) ~ NT\$3,500,000 (not including)	Independent director: CHEN Tien-Wen	Independent director: CHEN Tien-Wen	Independent director: CHEN Tien-Wen	Independent director: CHEN Tien-Wen	
	Independent director: CHIANG Yung-Cheng	Independent director: CHIANG Yung-Cheng	Independent director: CHIANG Yung-Cheng	Independent director: CHIANG Yung-Cheng	
	Independent director: TUNG Chun-Yi	Independent director: TUNG Chun-Yi	Independent director: TUNG Chun-Yi	Independent director: TUNG Chun-Yi	
NT\$3,500,000 (including) ~ NT\$5,000,000 (not including)	-	-	-	-	
NT\$5,000,000 (including) ~ NT\$10,000,000 (not including)	Non-executive director: Yuan Hsin Investment Co., Ltd. (Representative: LIN Ming-Sheng)	Non-executive director: Yuan Hsin Investment Co., Ltd. (Representative: LIN Ming-Sheng)	Non-executive director: SECOM Co., Ltd. (Representative: SATO Sadahiro) (Representative: NAKATA Takashi)	Non-executive director: SECOM Co., Ltd. (Representative: SATO Sadahiro) (Representative: NAKATA Takashi)	
	Non-executive director: SECOM Co., Ltd. (Representative: SATO Sadahiro) (Representative: NAKATA Takashi) (Representative: ONODERA Hirofumi)	Non-executive director: SECOM Co., Ltd. (Representative: SATO Sadahiro) (Representative: NAKATA Takashi) (Representative: ONODERA Hirofumi)	Non-executive director: TU Heng-Yi	Non-executive director: TU Heng-Yi	
	Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: HSU Lan-Ying)	Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: HSU Lan-Ying)			
	Non-executive director: TU Heng-Yi	Non-executive director: TU Heng-Yi			
NT\$10,000,000 (including) ~ NT\$15,000,000 (not including)	-	-	Non-executive director: SECOM Co., Ltd. (Representative: ONODERA Hirofumi) Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: HSU Lan-Ying)	Non-executive director: SECOM Co., Ltd. (Representative: ONODERA Hirofumi) Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: HSU Lan-Ying)	
NT\$15,000,000 (including) ~ NT\$30,000,000 (not including)	Non-executive director: Hsin Lan Investment Co., Ltd. (Representative: LIN Chien-Han)	Non-executive director: Hsin Lan Investment Co., Ltd. (Representative: LIN Chien-Han)	Non-executive director: Yuan Hsin Investment Co., Ltd. (Representative: LIN Ming-Sheng)	-	
NT\$30,000,000 (including) ~ NT\$50,000,000 (not including)	-	-	Non-executive director: Hsin Lan Investment Co., Ltd. (Representative: LIN Chien-Han)	Non-executive director: Hsin Lan Investment Co., Ltd. (Representative: LIN Chien-Han) Non-executive director: Yuan Hsin Investment Co., Ltd. (Representative: LIN Ming-Sheng)	
NT\$50,000,000 (including) ~ NT\$100,000,000 (not including)	Non-executive director: LIN Hsiao-Hsin	Non-executive director: LIN Hsiao-Hsin	Non-executive director: LIN Hsiao-Hsin	LIN Hsiao-Hsin	
Over NT\$100,000,000	-	-	-	-	
Total	11	11	11	11	

## 2. Remuneration Paid to General Manager 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 or the parent company is received
		The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)	All companies in the financial statements	The Company's percentage of shareholding (%)		All companies in the financial statements		The Company's percentage of shareholding (%)	All companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief Strategy Officer	LIN Ming-Sheng	60,227	60,707	-	-	42,016	47,294	267	-	267	-	102,510 4.06%	108,268 4.28%	31,024
Head of Chief Executive Officer	ONODERA Hirofumi													
Chief Executive Officer	LIN Chien-Han													
Chief Executive Officer	LI Jung-Kuei													
Chief Executive Officer	CHOU Hsing-Kuo													
Chief Executive Officer	CHEN Su-Ling													
General Manager	HSU Lan-Ying													
General Manager	CHIANG Wen-Liang													
General Manager	CHANG Chun-Yuan													
General Manager	LEI Ching-Ming													
General Manager	CHANG Lan-Ching													
Vice President	CHEN Chia-Ying													
Vice President	YU Hsun-Ming													
Vice President	TAKAHA Hidenori													
Vice President	TENG Ching-Chung													
Vice President	CHANG Nai-Sen													
Vice President	LIN Chia-Hui													
Vice President	CHENG Sheng-Ying													
Vice President	WANG Chih-Chiang													
Vice President	HUANG Hsien-Kuei													
Vice President	LU Chen-Lung													
Vice President	CHAN Jui-Tung													
Vice President	HUNG Pei-Hsiu													

Note 1: The managers in this table are those who have disclosed that they received the allotted remuneration in 2021.  
 Note 2: Cost of car purchase for Managers of all companies is not included in the consolidated report.  
 Note 3: Cost of salary for the drivers who drive the vehicles for managers of all companies in the consolidated reportNT\$1,090 thousand.  
 Note 4: 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 NT\$2,099 thousand.

Range of Remunerations

General Manager's and vice presidents' compensation brackets	Name of General Manager and Vice President	
	The Company’s percentage of shareholding (%)	Parent company and all reinvested businesses E
under NT\$1,000,000	CHANG Lan-Ching	CHANG Lan-Ching
NT\$1,000,000 (including) ~ NT\$2,000,000 (not including)	YU Hsun-Ming, CHANG Hui-Ching	YU Hsun-Ming, CHANG Hui-Ching
NT\$2,000,000 (including) ~ NT\$3,500,000 (not including)	CHEN Chia-Ying, LIN Chia-Hui, CHENG Sheng-Ying, WANG Chih-Chiang HUANG Hsien-Kuei, CHAN Jui-Tung, HUNG Pei-Hsiu	LIN Chia-Hui, CHENG Sheng-Ying, WANG Chih-Chiang, HUANG Hsien-Kuei CHAN Jui-Tung, HUNG Pei-Hsiu
NT\$3,500,000 (including) ~ NT\$5,000,000 (not including)	ONODERA Hirofumi, HSU Lan-Ying, CHANG Chun-Yuan LEI Ching-Ming, TAKAHA Hidenori, TENG Ching-Chung, CHANG Nai-Sen, LU Chen-Lung, LIU Yun-Fang,	ONODERA Hirofumi, CHANG Chun-Yuan, LEI Ching-Ming TAKAHA Hidenori, TENG Ching-Chung, CHANG Nai-Sen, LU Chen-Lung, LIU Yun-Fang,
NT\$5,000,000 (including) ~ NT\$10,000,000 (not including)	LIN Ming-Sheng, LI Jung-Kuei, CHOU Hsing-Kuo, CHEN Su-Ling, CHIANG Wen-Liang	LI Jung-Kuei, CHOU Hsing-Kuo, CHEN Su-Ling, HSU Lan-Ying CHIANG Wen-Liang, CHEN Chia-Ying
NT\$10,000,000 (including) ~ NT\$15,000,000 (not including)	LIN Chien-Han	LIN Chien-Han
NT\$15,000,000 (including) ~ NT\$30,000,000 (not including)	-	-
NT\$30,000,000 (including) ~ NT\$50,000,000 (not including)	-	LIN Ming-Sheng
NT\$50,000,000 (including) ~ NT\$100,000,000 (not including)	-	-
Over NT\$100,000,000	-	-
Total	25	25

### 3. Employee Remuneration Distributed to Managerial Officers and Distribution Situation

March 31, 2022

Unit: NT\$ thousand; %

	Title	Name	Stock amount	Cash amount	Total	% in net earnings after tax (%)
Manager	Chief Strategy Officer	LIN Ming-Sheng	-	279	279	0.01%
	Head of Chief Executive Officer	ONODERA Hirofumi				
	Chief Executive Officer	LIN Chien-Han				
	Chief Executive Officer	LI Jung-Kuei				
	Chief Executive Officer	CHOU Hsing-Kuo				
	Chief Executive Officer (Note 1)	CHEN Su-Ling				
	General Manager	HSU Lan-Ying				
	General Manager	CHIANG Wen-Liang				
	General Manager	CHANG Chun-Yuan				
	General Manager	LEI Ching-Ming				
	General Manager (Note 1)	CHANG Lan-Ching				
	General Manager	HUANG Hsien-Kuei				
	General Manager	TENG Ching-Chung				
	General Manager	CHANG Nai-Sen				
	General Manager	LU Chen-Lung				
	Vice President	CHEN Chia-Ying				
	Vice President	TAKAHA Hidenori				
	Vice President	LIN Chia-Hui				
	Vice President	WANG Chih-Chiang				
	Vice President	CHAN Jui-Tung				
	Vice President	HUNG Pei-Hsiu				
	Vice President	CHANG Hui-Ching				
	Vice President	LIU Yun-Fang				
	Vice President	WU Jung-Hua				

Note: The remuneration paid to employees by the Company is based on the number of employees.

Note1: CHEN Su-Ling assumes the position of Chief Executive Officer and Chief Accounting Officer concurrently. CHANG Lan-Ching assumes the position of the General Manager and Financial Manager.

#### 4. Remuneration Policy

I. 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, independent directors, general managers and vice presidents during the most recent two years:

Unit: NT\$ thousand,%

Items	The Company's percentage of shareholding (%)				Consolidated Financial Statements			
	2021		2020		2021		2020	
	Total	As a percentage of net income after tax	Total	As a percentage of net income after tax	Total	As a percentage of net income after tax	Total	As a percentage of net income after tax
Remuneration of Directors	171,477	6.79%	162,597	6.81%	174,012	6.89%	165,183	6.91%
Remuneration Paid to General Managers and Vice Presidents	102,510	4.06%	98,176	4.11%	108,268	4.28%	103,845	4.35%
Net income after tax	2,526,684	-	2,388,900	-	2,526,684	-	2,388,900	-

The increase in directors' remuneration in 2021 compared to 2020 was due to the increase in net income after tax in 2021; the increase in total remuneration of the general manager and vice president compared to 2020 was due to the increase in bonus payments.

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

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

(I) The policies, criteria and composition of compensation:

1. 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.
2. The remuneration of the Company's managers is based on the Company's "Job Classification System," which provides for various allowances and bonuses to show care and reward employees for efforts in their work. The bonus is also subject to the Company's annual operating performance, financial status, operational status and individual performance. In addition, if the Company makes a profit in the year, no less than 1% of the profit shall be distributed to employees in accordance with Article 26 of the Company's Articles of Incorporation. The results of the performance evaluation conducted by the Company in accordance with the "Performance Management Regulations" are used as a reference for managerial officers' bonuses. The manager's performance



evaluation is divided into 1) Financial Indicators: according to the Company's management profit and loss statement, each business group division's contribution to the Company's profit is allocated, and the manager's goal achievement rate is taken into consideration; 2) Non-Financial Indicators: the realization and embodiment of the Company's core values and operational management ability, and the participation in sustainable management, etc. The manager's remuneration for operational performance is calculated, and the remuneration system is reviewed from time to time according to the actual operating conditions and relevant laws and regulations.

3. The Company's remuneration package, as defined by the Compensation Committee, includes cash compensation, stock options, stock dividends, retirement benefits or severance pay, allowances and other tangible incentives; the scope of the remuneration package is consistent with that of the directors' and managerial officers' compensation as described in the Regulations Governing Information to be Published in Annual Reports of Public Companies.

(II) Procedures for Setting Remuneration Amounts:

1. In order to regularly evaluate the remuneration of directors and managerial officers, the results of the evaluation based on the "Board of Directors' Performance Evaluation Method" and the "Performance Management Regulations" applicable to managers and employees, respectively, are established and submitted to the Board of Directors for approval. To fully demonstrate achievement of operating performance targets, the Chairman's performance measures are based on the results of annual operating indicators related to operational, governance and financial results of the Company. The scope of the evaluation includes the following four indicators: net income before tax, credit rating or Taiwan Ratings, customer satisfaction and corporate governance evaluation; the scope of the evaluation of the general manager's performance measurement includes: operational safety management, supervising the implementation of financial plans, revenue management, promoting maintenance autonomy capabilities, strengthening internal control, carrying out quality assurance and management work, and other major job-related performance objectives.
2. In 2021, the Board of Directors, members of the Board of Directors and members of the functional committees all significantly exceeded the performance standards. In addition, in 2021, despite the increasing severity of the COVID-19 epidemic in Taiwan, the Company still worked hard to prevent the epidemic and planned measures well in advance. The results of the Company's 2021 annual managerial performance evaluation indicated that all managers met or exceeded their predetermined targets, and the results of the Company's annual operating indicators were evaluated to the highest standard.
3. The performance evaluation and the reasonableness of the remuneration of the directors and managerial officers of the Company are evaluated and reviewed by the Compensation Committee and the Board of Directors on a regular basis every year, with reference to the individual's performance achievement rate and contribution to the Company, the overall operational performance of the Company, the future risks and development trends of the industry, and the timely review of the remuneration system from time to time in light of the actual operating conditions and relevant laws and regulations. The Company also considers the current trend of corporate governance and offers reasonable compensation to strike a balance between sustainable management and risk control. The actual amounts of directors' and managers' remuneration for FY2021 are reviewed by the Remuneration Committee and submitted to the

Board of Directors' meeting for resolution and approval.

(III) Relationship between operating performance and future risks:

1. The Company's remuneration policy is reviewed based on the Company's overall operating conditions, and the payment standards are approved based on the performance achievement rate and contribution level, in order to enhance the effectiveness of the Board of Directors and the managerial team as a whole. In addition, the Company refers to industry salary standards to ensure that our management's salaries are competitive in the industry and to retain outstanding management personnel.
2. The performance objectives of our managers are fully integrated with "risk management" to ensure that possible risks within the scope of duties and responsibilities are managed and prevented, and the results of the actual performance evaluation are linked to the relevant human resources and related salary and remuneration policies. Key management decisions of the Company take into consideration various risk factors, and the performance of the decisions are reflected in the profitability of the Company, and the compensation of the management level is related to the effectiveness of risk management.

### 3-3 Implementation of Corporate Governance

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

As of the most recent fiscal year (2021) and up to the date of the publication of the annual report, March 31, 2022, the 16th board of directors has met 6 times, and the attendance of directors is shown below:

Title	Name	Attendances (B)	Attendances by proxy	Attendance Rate (%) [B/A]	Remark
Chairman	LIN Hsiao-Hsin	5	1	83.33%	
Vice Chairman	Hsin Lan Investment Co., Ltd. Representative: LIN Chien-Han	6	0	100%	
Director	Yuan Hsin Investment Co., Ltd. Representative: LIN Ming-Sheng	6	0	100%	
Director	SECOM Co., Ltd. Representative: SATO Sadahiro	5	1	83.33%	
Director	SECOM Co., Ltd. Representative: MURAKAMI Kenji	1	0	16.67%	On 2021/3/23, appointed NAKATA Takashi as a director
Director	SECOM Co., Ltd. Representative: NAKATA Takashi	5	0	83.33%	On 2021/3/23, new appointment
Director	SECOM Co., Ltd. Representative: ONODERA Hirofumi	6	0	100%	
Director	TU Heng-Yi	6	0	100%	
Director	Chin Kuei Investment Co., Ltd. Representative: HSU Lan-Ying	6	0	100%	
Independent Director	CHEN Tien-Wen	6	0	100%	
Independent Director	CHIANG Yung-Cheng	6	0	100%	
Independent Director	TUNG Chun-Yi	6	0	100%	

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.
  - (II) Other BOD resolutions to which objections or qualified opinions for the record or in writing are expressed by independent directors.
- 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 the Company's CEO:
    - (1) Name of directors: ONODERA Hirofumi, LIN Chien-Han, LIN Ming-Sheng, HSU Lan-Ying.
    - (2) Reasons for avoiding conflict of interest: Involving self-interest.
    - (3) Participation in voting:
      - i. Mr. LIN Chien-Han (vice chairman), Mr. ONODERA Hirofumi (director and chief executive officer), Mr. LIN Ming-Sheng (director and chief strategy officer), and Ms. HSU Lan-Ying (director and general manager), did not participate in the discussion and voting of this motion in accordance with the law.
      - ii. All directors (including independent directors) presented (except for vice chairman LIN Chien-Han, and director ONODERA Hirofumi, LIN Ming-Sheng and HSU Lan-Ying) 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: LIN Hsiao-Hsin, LIN Chien-Han.
    - (2) Reasons for avoiding conflict of interest: Involving self-interest.
    - (3) Participation in voting:
      - i. Mr. LIN Hsiao-Hsin (chairman) and Mr. LIN Chien-Han (vice chairman) did not participate in the discussion and voting of this motion in accordance with the law. Chairman LIN Hsiao-Hsin appointed independent director CHEN Tien-Wen as the acting chairman to chair the discussion and resolution of the motion.
      - ii. 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.
- Motions of the 5<sup>th</sup> meeting of the 16th Board of Directors of the Company on May 13, 2021 are as follows:
  1. For the purpose of the corporate group's diversification and expansion into the food and beverage business, the Company intends to authorize the chairman of the board to acquire the equity of Golden Harvest Food Enterprise Ltd. (referred to as Golden Harvest Food).
    - (1) Name of directors: LIN Hsiao-Hsin
    - (2) Reasons for avoiding conflict of interest: Involving self-interest.
    - (3) Participation in voting:
      - i. Mr. LIN Hsiao-Hsin (chairman) did not participate in the discussion and voting of this motion in accordance with the law. Chairman LIN Hsiao-Hsin appointed independent director CHEN Tien-Wen as the acting chairman to chair the discussion and resolution of the motion.
      - ii. 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.

- Motions of the 9<sup>th</sup> meeting of the 16<sup>th</sup> Board of Directors of the Company on March 15, 2022 are as follows
  1. Appointment and remuneration of the Company's CEO:
    - (1) Name of directors: ONODERA Hirofumi, LIN Chien-Han, LIN Ming-Sheng, HSU Lan-Ying.
    - (2) Reasons for avoiding conflict of interest: Involving self-interest.
    - (3) Participation in voting:
      - i. Mr. LIN Chien-Han (vice chairman), Mr. ONODERA Hirofumi (director and chief executive officer), Mr. LIN Ming-Sheng (director and chief strategy officer), and Ms. HSU Lan-Ying (director and general manager), did not participate in the discussion and voting of this motion in accordance with the law.
      - ii. All directors (including independent directors) presented (except for vice chairman LIN Chien-Han, and director ONODERA Hirofumi, LIN Ming-Sheng and HSU Lan-Ying) 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: LIN Hsiao-Hsin, LIN Chien-Han and LIN Ming-Sheng.
    - (2) Reasons for avoiding conflict of interest: Involving self-interest.
    - (3) Participation in voting:
      - i. Mr. LIN Hsiao-Hsin (chairman), Mr. LIN Chien-Han (vice chairman) and director LIN Ming-Sheng did not participate in the discussion and voting of this motion in accordance with the law. Chairman Lin Hsiao-Hsin appointed independent director CHEN Tien-Wen as the acting chairman to chair the discussion and resolution of the motion.
      - ii. 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.
  3. Proposed amendments to the Company's "Procedures for the Acquisition or Disposal of Assets":
    - (1) Name of Directors: All directors and independent directors.
    - (2) Voting: Resolution approved by all directors and independent directors present after put to a vote and proposed to the 2022 Annual Shareholders Meeting for discussion.
- 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.
- IV. An evaluation of targets and performance for strengthening the functional competence of the board during the current and the most recent years: Please refer to (III) Implementation of Corporate Governance, III. Composition and responsibilities of the board.

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 a director or supervisor leaves before the year ends, the resignation date, the rate of actual attendance or attendance as a non-voting participant shall be calculated based on the number of board meetings and the number of actual attendance in person or attendance as a non-voting participant.

(2) If there is a re-election of directors and supervisors before the year end, the newly elected and incumbent directors and supervisors shall be listed. Their status of being the previous,

newly elected or re-elected directors or supervisors and the re-election date shall be described in the remark field. 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.

### Execution of board appraisal

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation methods (Note 4)	Evaluation contents (Note 5)
Once a year	2021.1.1- 2021.12.31	Performance appraisal of the board.	Self-evaluation	The participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control.
Once a year	2021.1.1- 2021.12.31	Performance appraisal of the board members.	Self-evaluation	The alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.
Once a year	2021.1.1- 2021.12.31	Performance appraisal of the audit committee	Self-evaluation	The participation in the operation of the Company, awareness of the duties of the audit committee, improvement of quality of decisions made by the audit committee, makeup of the audit committee and election of its members and internal control.
Once a year	2021.1.1- 2021.12.31	Performance appraisal of the salary and Compensation Committee	Self-evaluation	The participation in the operation of the Company, awareness of the duties of the Compensation Committee, improvement of quality of decisions made by the Compensation Committee, makeup of the Compensation Committee and election of its members and internal control.

Note 1: Fill in the execution cycle of the board appraisal, for example: once a year.

Note 2: The period to which the board appraisal applies, for example, the evaluation was conducted for the performance of the board during the period of January 1, 2021 to December 31, 2021.

Note 3: The scope includes the performance appraisal of the board, individual board members and

functional committees

Note 4: Methods can be internal self-assessment by the board, self-assessment by board members, peer assessment, appointment of external specialized institutions, experts or other appropriate methods to conduct performance appraisal.

Note 5: Contents of evaluation shall at least include the following items:

- (1) Board performance appraisal: At least includes the participation in the operation of the Company, improvement of the quality of the board of directors' decision making, composition and structure of the board of directors, election and continuing education of the directors and internal control.
- (2) Individual board member performance appraisal: At least includes the alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control.
- (3) Functional committee performance appraisal: The participation in the operation of the Company, awareness of the duties of the functional committee, improvement of quality of decisions made by the functional committee, makeup of the functional committee and election of its members and internal control.

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

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

Title	Name	Attendance	Attendances by proxy	Attendance Rate (%) [B/A]	Remark
Independent Director	CHEN Tien-Wen	4	0	100%	
Independent Director	CHIANG Yung-Cheng	4	0	100%	
Independent Director	TUNG Chun-Yi	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 Board of Directors' date, term, contents of motions, audit committee's resolution and the Company's resolution of audit committee's opinions:
  - (I) Matters specified in Article 14-5 of the Securities and Exchange Act:
 

2021 and as of the publication date of the annual report on March 31, 2022

    - The audit committee held 5 meetings in 2021, and the matters reviewed mainly include:
      1. Establish or amend the internal control protocols in accordance with Article 14-1 of the Securities and Exchange Act.
      2. Evaluation of the effectiveness of the internal control protocols.
      3. Establish or amend procedures major financial or operational actions, such as acquisition or disposal of assets, engaging in derivatives trading, lending funds to others, endorsements or guarantees to others, in accordance with Article 36-1 of the Securities and Exchange Act.
      4. A matter bearing on the personal interest of a director.
      5. A material asset or derivatives transaction.
      6. A material monetary loan, endorsement, or provision of guarantee.
      7. The offering, issuance, or private placement of any equity-type securities.

8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual financial reports and semi-annual financial reports.
11. Any other material matter so required by the company or the Competent Authority.
12. The performance of the duties of the audit committee.
13. Self-assessment questionnaire for audit committee performance appraisal.

Compilation of the 2021 work highlights:

- Review financial reports  
The board of directors has produced the Company's 2021 business report, financial statements and proposals for profits distribution, of which the financial statements have been audited by Ernst & Young Taiwan, with the auditing report attached. The business report, financial statements, and profit distribution proposal have been reviewed and determined to be correct and accurate by the audit committee.
- Assess the effectiveness of the internal control protocols  
The audit committee evaluates the effectiveness of the policies and procedures (including financial, operational, risk management, information security, regulatory compliance and other control measures) of the Company's internal control protocols, and reviews the Company's audit department and certified accountants, management's regular reports, Including risk management and regulatory compliance. The audit committee believes that the Company's risk management and internal control systems are effective, and that the Company has adopted the necessary control measures to monitor and correct violations.
- Appointment of certified accountants  
The audit committee is entrusted with the responsibility of overseeing the independence of the CPAs to ensure the integrity of the financial statements. Generally speaking, except for tax-related services or specially approved tasks, the accounting firm shall not provide the Company with other services. All services provided by the CPAs must be approved by the audit committee. In order to ensure the independence of the CPA firm, the audit committee has formulated an independence assessment form with reference to Article 47 of the Certified Public Accountant Act and the Bulletin #10 of the Code of Ethics for Professional Accountants on integrity, fairness, objectivity and independence, and assessed whether the independence, professionalism and competence of accountants qualify them as the Company's related party to have a business or financial interests relationship. The 6<sup>th</sup> meeting of the 2<sup>nd</sup> term audit committee on November 11, 2021 and the 8<sup>th</sup> meeting of the 16<sup>th</sup> board on November 11, 2021 reviewed the assessment of independence of accountants WANG Yahn-Jyun and HSU Hsin-Min of Ernst & Young Taiwan, and approved that their standard was qualified as the Company's financial reporting and taxation accountants.
- Operating status of the current year:

Date of meeting	Motion content and subsequent actions	Matters specified in Article 14-5 of the Securities and Exchange Act	Aside from said circumstances, resolution(s) not passed by the audit committee but receiving the consent of two-third of the Board of Directors:
2021/03/19 (3 <sup>rd</sup> meeting of the 2 <sup>nd</sup> committee)	(1) Approved the 2020 business report and financial statements.	V	-
	(2) Approval of the proposal to the Company's 2020 distribution of earnings.	V	-
	(3) Approval of the proposal to distribute cash dividend by capital reserve.	V	-
	(4) 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"	V	-
	(5) Approval of the proposal to change the Company's audit officers.	V	-
	(6) Approval of coping with Ernst & Young Taiwan to change CPAs	V	-



	(7) Approval of the motion of the Company's donation to "Taiwan Secom Cultural Foundation."	V	-
	(8) Approval of the application for credit facilities from financial institutions.	V	-
	(9) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.	V	-
	(10) Approved the proposal of authorizing the Chairman to determine land purchases for operation within NT\$1 billion, based on the Group's development needs.	V	-
	Resolution of the audit committee (March 19, 2021): Unanimous approval by the Independent Director and attending the Committee members.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.		
2021/05/13 (4 <sup>th</sup> meeting of the 2 <sup>nd</sup> committee)	(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	V	-
	(2) Approval of the Company's 2021 Q1 consolidated financial report.	V	-
	(3) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.	V	-
	(4) For the purpose of the corporate group's diversification and expansion into the food processing and food and beverage business, the Company intends to authorize the chairman of the board to acquire the equity of Golden Harvest Food Enterprise Ltd. (referred to as Golden Harvest Food).	V	-
	Resolution of the audit committee (May 13, 2021): Unanimous approval by the Independent Director and attending the Committee members.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.		
2021/08/11 (5 <sup>th</sup> meeting of the 2 <sup>nd</sup> committee)	(1) Approval of the Company's 2021 Q2 consolidated financial reports.	V	-
	(2) Approval of the application for credit facilities from financial institutions.	V	-
	Resolution of the audit committee (August 11, 2021): Unanimous approval by the Independent Director and attending the Committee members.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.	V	-
2021/11/11 (6 <sup>th</sup> meeting of the 2 <sup>nd</sup> committee)	(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	V	-
	(2) Approval of the Company's 2021 Q3 consolidated financial report.	V	-
	(3) Approval of the Company's periodical evaluation for the independence of CPAs.	V	-
	(4) Approved the 2022 audit plan.	V	-
	(5) Approved the proposal to establish the Company's Risk Management Policies and Procedures.	V	-
	(6) Approved the change of the Company's financial officers and spokesperson.	V	-
	(7) Approval of the proposal to lend funds to subsidiaries.	V	-
	(8) Approval of the application for credit facilities from financial institutions.	V	-
	Resolution of the audit committee (August 11, 2021): Unanimous approval by the Independent Director and attending the Committee members.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.		
2022/03/15 (7 <sup>th</sup> meeting of the	(1) Approved the 2021 business report and financial statements.	V	-
	(2) Approval of the 2021 distribution of employees' remuneration.	V	-

2 <sup>nd</sup> committee)	(3) Approval of the proposal to the Company's 2021 distribution of earnings.	V	-
	(4) Approval of the assessment on the effectiveness of the Company's internal control system for 2021 and the "2021 Statement of the Internal Control System"	V	-
	(5) Approval of re-formulating the "Internal Audit Operation" and "Self-Assessment Method for the Internal Control System" of the Company	V	-
	(6) Approval of the proposal to establish the Company 2022 business plan.	V	-
	(7) Approval of the proposal to amend the Company's Articles of Incorporation.	V	-
	(8) Approval of the proposal to amend the Company's Rules and Procedures of Shareholders Meetings.	V	-
	(9) Approval of the proposal to amend the provisions of the Procedures for Acquisition or Disposal of Assets.	V	-
	(10) Approval of the proposal to amend the provisions of the Corporate Governance Best Practice Principles.	V	-
	(11) Approval of the proposal to amend the provisions of the Company's Corporate Social Responsibility Code of Conduct and the name of the Code.	V	-
	(12) Approval of the Company's acquisition of 97.84% equity of Golden Harvest Food.	V	-
	(13) Approval of the application for credit facilities from financial institutions.	V	-
	(14) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.	V	-
	(15) Approval of the proposal to apply for additional lending of funds from the Company to subsidiaries.	V	-
	(16) Approved the change of the Company's acting spokesperson.	V	-
	(17) Approval of the motion of the Company's donation to "Taiwan Secom Cultural Foundation."	V	-
	(18) Approved the proposal of matters regarding the Company's 2022 Shareholders' Meeting.	V	-
	Resolution of the audit committee (March 15, 2022): Unanimous approval by the Independent Director and attending the Committee members.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.		

(II) Aside from said circumstances, resolution 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. Communication between independent directors and internal/external auditors:

In order to improve corporate governance and the professional competence of the board, the Company has established an audit committee since the 15<sup>th</sup> board, which is composed of all independent directors. In addition to supervising the Company in response to changes in the internal and external environment and in properly designing and implementing the internal control system, and conducting regular inspections of the audit reports from the auditing units, the audit committee establishes communication channels and practices with internal audit supervisors and accountants to conduct thorough exchange of opinions, and the communication is summarized as follows:

(I) Method and frequency of communication between independent directors and internal/external auditors:

1. Audit committee: At least one formal meeting is held every quarter, and the

chief of internal auditing reports to the independent directors on the implementation of internal audit and the operation of internal control. If there are matters related to financial reporting, the accountants must attend the meetings to explain the appropriate interpretation of financial reports and communicate questions raised by the meeting participants.

2. Directors and auditing conferences: Held least once a year, and attended by all directors and auditors. They review the internal control operation and the results of the internal control self-assessment of each department of the previous year, and at the same time exchange opinions on the continuous improvement of internal control.
3. Closed-door meetings with accountants: Held at least once a year. The accountants report to the independent directors in the audit committee meeting to check the Company's financial status and internal control implementation, and communicate whether there are adjustment entries for financial statements and whether amendments to laws and regulations affect the accounting practices.

(II) Communication between independent directors and internal/external auditors:

Date of meeting	Methods of communications	Communication counterparty	Matters to be communicated	Results
2021.03.19	Audit Committee	1. The Company's chief audit executive 2. The Company's CAO 3. CPAs of the Company and subsidiaries	1. The internal audit office explains the procedures related to the auditing operations of the parent company and its subsidiaries. 2. The accountants offer the 2020 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommendations.
2021.05.13	Audit Committee	1. The Company's chief audit executive 2. The Company's CAO 3. CPAs of the Company and subsidiaries	1. The audit office explains the procedures related to the auditing operations of the parent company and its subsidiaries. 2. The accountants offer the Q1 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommendations.
2021.08.11	Audit Committee	1. The Company's chief audit executive 2. The Company's CAO 3. CPAs of the Company and subsidiaries	1. The internal audit office explains the procedures related to the auditing operations of the parent company and its subsidiaries. 2. The accountants offer the Q2 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommendations.
2021.11.11	Audit Committee	1. The Company's chief audit executive 2. CPAs of the Company and subsidiaries	1. The internal audit office proposed the 2022 audit plan 2. The Q3 and annual audit reports of the Company and subsidiaries produced by the accountants (1) Contents of the customer statement (2) Scope of audit of the corporate group (3) Audit report to be issued by the accountants (4) Identified misrepresentation (audit discrepancy) (5) Significant transactions with the related parties	Subject to the recommendations.
2022.03.15	Audit Committee	1. The Company's chief audit executive 2. CPAs of the Company and subsidiaries	1. The internal audit office explains the procedures related to the auditing operations of the parent company and its subsidiaries. 2. The accountants offer the 2021 auditors' audit conclusions for the	Subject to the recommendations.

			Company and subsidiaries.	
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Note:

- \* If an independent director leaves before the year ends, the resignation date, the rate of actual attendance shall be calculated based on the number of audit committee meetings and the number of actual attendance in person.
- \* 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 board of the Company has approved the Taiwan Secom Co., Ltd. Governance Best Practice Principles based on the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies established by the Taiwan Stock Exchange and the Taipei Exchange, and has placed it in the Internal Regulations under the Investor Section in the Company's website.	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 possess a list of principal shareholders and beneficial owners of these principal shareholders?	✓		(II) The Company has followed the regulations of Article 25 of the Security and Exchange Act to report the changes in the shareholdings of insiders (directors, managerial officers and shareholders holding more than 10% of the total shares) to the Market Observation Post System designated by the Securities and Futures Bureau on a monthly basis. The Company is informed 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	
(III) Has the Company built and implemented a risk management system and “firewall” between the Company and affiliated company?	✓		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 principal shareholders and declares it at the MOPS. (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 rules prohibiting insider trading on undisclosed 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.
III. Composition and responsibilities of the board of directors (I) Has the board established a policy on diversity and specific management objectives, and have they been implemented accordingly?	✓		(I) 1. Diversity policy: In order to reinforce corporate governance and promote the sound development of the composition and structure of the board, the Company formulated the Taiwan Secom Co., Ltd. Governance Best Practice Principles on May 14, 2015. Article 20 of the Principles stated that board members should be diverse in a manner that supports the Company's operations, business activities and growth. The diversity policy should be based on, but is not limited to basic criteria and values (gender, age, nationality, culture, etc.), professional	No Significant Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>knowledge and skills (such as law, accounting, industry, finance, marketing or technology) and experience in the industry.</p> <p>2. Specific management objectives: The Company's board guides the Company's strategy and supervises the management, and is responsible to the Company and shareholders. In terms of the operation and arrangement of the corporate governance system, the board exercises its powers in accordance with laws and regulations, the Articles of Incorporation or the resolutions of the shareholder meetings. All board members possess the knowledge, skills and characters and industry decision-making and management capabilities needed to exercise their duties. The Company continues to arrange various continuing education courses for board members to improve their decision-making quality and supervisory capability, thereby strengthening the capacity of the board. In addition, the Company pays attention to gender equality in the composition of the board, there is at least one female director.</p> <p>3. Implementation of diversity of board members: The current batch of board of directors consists of 11 directors, including 3 independent directors and 8 directors. Each director possesses the capabilities required for the diverse development of the company's business. In addition to</p>	

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(II) Apart from the Compensation Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	✓		<p>possessing the capabilities of the board as a whole, all directors have relevant industry experience. The composition of the board in compliance with the Corporate Governance Best Practice Principles should take the diversity policy into consideration. The overall capabilities of the board members are described in (Note 2).</p> <p>4. The Board of Directors' policy on diversity in the composition of the Board of Directors is disclosed on the Company's website and the Market Observation Post System (MOPS).</p> <p>(II) The Board of Directors of the Company approved the establishment of the Corporate Governance Committee and the Articles of Incorporation on November 11, 2021. The Corporate Governance Committee, which consists of three directors, two of whom are independent directors, aims to strengthen corporate governance and enhance the effectiveness of the Board of Directors, with the following key responsibilities:</p> <ol style="list-style-type: none"> <li>1. To consider the establishment and amendment of the rules and regulations related to the operation of the Board of Directors of the Company.</li> <li>2. To establish the organizational structure of each functional committee and to review the establishment and amendment of the organizational rules of each functional committee.</li> <li>3. To review the establishment and</li> </ol>	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) Has the Company established its board performance appraisal measures and the evaluation methods,	✓		<p>amendment of the Company's Corporate Governance Best Practice Principles.</p> <p>4. Such other matters as the Board of Directors may direct the Committee to undertake.</p> <p>The Committee may convene meetings at any time as necessary and, within its scope of responsibility, may appoint lawyers, accountants or other experts by resolution to provide advisory assistance.</p> <p>State of the Corporate Governance Committee:</p> <p>The members of the Corporate Governance Committee (term of office from November 11 2021 to June 15 2023) will convene 2 meetings in 2022 to discuss issues related to the Corporate Governance Best Practice.</p> <p>The member are including:</p> <p>CHEN Tien-Wen, an independent director (convener of the committee), specializes in corporate governance, finance, and securities finance.</p> <p>CHIANG Yung-Cheng is an independent director whose main expertise is in business and legal practice.</p> <p>LIN Ming-Sheng, a director, specializes in financial law and corporate governance.</p> <p>(III) The Company has established the Taiwan Secom Co., Ltd. Board Performance Appraisal Measures. Performance appraisal is</p>	No Significant Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
<p>provided the results to the board, and conducted the performance appraisal regularly every year as the reference for directors' remuneration and nomination and renewal?</p> <p>(IV) Does the Company assess the independence of external auditors on a regular basis?</p>	✓		<p>conducted every year in accordance with the measures, and the results are submitted to the board meeting before the end of March of the following year as reference for review and improvement. The 2021 board performance appraisal results have been reported at the 9th meeting of the 16th batch of board held on 2022.03.15. The description is as follows (Note 1)</p> <p>(IV) The audit committee regularly assesses the independence of the accountants every year, and then reports the assessment results to the board. After the latest assessment was approved by the audit committee on November 11, 2021, it was submitted to the board for approval on November 11, 2021. The assessment measures are as follows (Note 3):</p> <ol style="list-style-type: none"> <li>1. Confirm that the certified accountants of the Company are not related to the Company and its directors.</li> <li>2. Handle the rotation of CPAs in accordance with the Corporate Governance Best Practice Principle.</li> <li>3. In accordance with Article 47 of the Certified Public Accountant Act and the Bulletin #10 of the Code of Ethics for Professional Accountants, the CPAs report the content of review and audit and the status of compliance with independent requirements to the audit committee every quarter.</li> </ol>	No Significant Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			4. Obtain the statement of independence from the CPAs on a regular basis. (Note 3)	
			<p>The assessment results are as follows:</p> <ol style="list-style-type: none"> <li>1. The independence of the CPAs from the Company complies with the Certified Public Accountant Act and the Code of Ethics for Professional Accountants.</li> <li>2. The Company has not appointed the same accountants to conduct auditing for seven consecutive years.</li> </ol>	
IV. Has the Company allocated qualified and sufficient number of personnel and appointed managers in charge of corporate governance affairs (including but not limited to furnishing information required for business execution by directors and supervisors, assisting directors and supervisors to comply with laws, handling matters relating to board meetings and shareholder meetings according to laws, recording minutes of board meetings and shareholder meetings, etc.)?	✓		<ol style="list-style-type: none"> <li>1. The Company's Board of Directors resolved on May 13, 2021 to designate WU Cheng-Chih as the Head of Corporate Governance to safeguard shareholders' rights and interests and to strengthen the functions of the Board of Directors. Cheng-Chih Wu has more than three years of experience in legal affairs of public companies. The main duties of the Head of Corporate Governance are to handle matters related to the board of directors' and shareholders' meetings, prepare minutes of board of directors' and shareholders' meetings, assist directors in their appointment and continuing education, provide information necessary for directors to perform their business, and assist directors in complying with laws and regulations.</li> <li>2. The corporate governance supervisor has completed 18 hours of continuing education courses in 2021, which has met the requirement of at least 18 hours starting the first year of term of</li> </ol>	No Significant Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>office. The continuing education courses are as follows:</p> <ul style="list-style-type: none"> <li>(1) Governance and Strategy of Sustainable Enterprise Development (3 hours)</li> <li>(2) Looking at the New Challenges of the Board of Directors from the Perspective of Corporate Governance 3.0 (3 hours)</li> <li>(3) Analysis of Key Information and Responsibilities of Annual Report: Views of Directors and Supervisors (3 hours)</li> <li>(4) On Taiwanese Business Operation and M&amp;A Strategies from the Perspective of Global Political and Economic Situations (3 hours)</li> <li>(5) Prevention of Insider Trading and the Latest Practical Development (3 hours)</li> <li>(6) On Anti-Money Laundering and Countering the Financing of Terrorism from Criminal Cases (3 hours)</li> </ul>	
V. Has the Company established communication channels with stakeholders (including, but not limited to shareholders, employees, customers, and suppliers) and set up an area dedicated to stakeholders on the Company website and does the Company respond appropriately to corporate social responsibility issues that stakeholders consider important?	✓		The Company has set up "Sustainable Development" and "Stakeholders" pages on its website. The pages analyze material issues based on the four principles of the GRI Standards, stakeholder inclusiveness, sustainability context, materiality and completeness, and refer to the AA1000 Stakeholder Engagement Standard (SES) to select six main stakeholders, who are employees, clients, investors, government agencies, community members and suppliers.	No Significant Discrepancy.
VI. Does the Company entrust	✓		The Company authorized Yuanta	No Significant

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
a professional shareholder services agency to conduct matters regarding the shareholders meeting?			Securities as shareholder services agent.	Discrepancy.
VII. Information disclosure	✓		(I) The Company's website, <a href="http://www.secom.com.tw">http://www.secom.com.tw</a> , discloses financial, business, corporate governance and other material information.	No Significant Discrepancy.
(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 and disclosure of the Company's information, implementing the spokesperson system, and uploading videos of the investor conferences on the company's website)?	✓		(II) Information disclosures are made available on the Company's website: <a href="http://www.secom.com.tw">http://www.secom.com.tw</a> , and are uploaded by relevant units. The Company has a spokesperson and an acting spokesperson to carry out a spokesperson system and regular investor conferences are held.	No Significant Discrepancy.
(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) In 2021, 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 2020 and the first through third quarters of 2021 were announced and filed respectively on March 19, May 11, August 11 and November 11, 2021, the dates of the Board of Directors' approval;	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 the revenue for each month were completed by the 10th of the following month. The financial statements for 2021 were announced and filed on March 15, 2022.	
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.)?	✓		<p>(I) Interests and rights of employees: the Company protects the legitimate rights and interests of employees according to the law.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(V) Stakeholders relations: The company is committed to the development of the industry, and</p>	No Significant Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>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.</p> <p>(VI) Continuing education for directors: The Company provides continuing education information related to corporate governance to directors in a timely manner.</p> <p>(VII) The implementation status of risk management policies and risk measurement standards:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The Company operates steadily and is fully focused on the investments and operations in its own industry.</li> </ol> <p>(VIII) Implementation of customer policy: 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.</p> <p>(IX) The Company has taken out liability insurance to cover the potential legal liability of the</p>	

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			directors in performing their duties. It has renewed the liability insurance policies of Fubon Insurance and Tokio Marine Nawa Insurance in the amount of US\$5 million on July 1, 2021, to reduce and diversify the risk of significant damage to the Company and its 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 11, 2021).	

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 2021, the Company will focus on improving information transparency and achieving sustainable development in 2022, and the improvement items are expected to be complete. Strive to enhance the transparency of information to reinforce corporate governance.

Note 1:

#### **Performance appraisal of the board**

In order to put corporate governance into practice, the board has approved the amendment to the Board Performance Appraisal Measures on August 13, 2019. Last amended on November 11, 2021 and approved by the Board of Directors. The internal board performance appraisal is conducted at least once a year, and once every three years by external independent specialized institution or teams of external experts and scholars, and the performance appraisal for the year is done before the end of the same year. It is expected to improve the capacity of the board of directors and enhance the efficiency 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.



**Status of the 2021 internal board performance appraisal is shown as follows:**

<b>Evaluation Type</b>	<b>Evaluation Method</b>	<b>Evaluation Criteria</b>	<b>Evaluation Result</b>
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 4.66, 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 individual average score was 4.69, 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 committees	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 audit committee and the remuneration committee were 4.93 and 4.89, 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 15, 2022.

Note 2:

### **The board's diversity policy**

Taiwan Secom Co., Ltd. values the long-term interests of the Company and all shareholders, and the board members exercise their powers based on the principles of objectivity and independence. Based on the duty of good faith and the principles of corporate governance, all shareholders vote to assemble a board, and several functional committees are formed under the board. There are also independent directors who reinforce the capacity of the board to ensure its effective operation and protect the long-term rights and interests of shareholders.

For the professionalism and independence of the board, Taiwan Secom Co., Ltd. followed Article 20 of the Corporate Governance Best Practice Principles and the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies to define the knowledge, skills and characters generally needed by the board to perform their duties. The board as a whole should have the following capabilities:

1. The ability to make judgments about operations.
2. Accounting and financial analysis ability.
3. Business administration (including the management of subsidiaries).
4. Crisis management ability.
5. Knowledge of the industry.
6. An international market perspective.
7. Leadership ability.
8. Decision-making ability.
9. Knowledge and skills of risk management.

### **Diversity of the board**

In order to reinforce corporate governance and promote the sound development of the composition and structure of the board, Taiwan Secom Co., Ltd. takes into account the operating structure, business development directions, future development trends and other needs for the composition of the board, and assesses the diversity, basic composition (gender, national, age, etc.), professional experience, professional knowledge and skills (accounting, law, IT, enterprise and risk management, etc.).

The Company's 16th Board of Directors consists of 11 directors, including 3 independent directors, with 27% of the seats held by independent directors, thereby enhancing the independence of the Board. The board meeting is held at least once a quarter, and the chairman is mainly responsible for improving corporate governance and presiding over the operation of the board. The Company also emphasizes gender equality in the composition of the Board of Directors and aims to increase the number of directors of each gender to one-third (i.e. 33%). Currently, of the 11 members of the Board, 91% (10) are male directors (including independent directors) and 9% (1) are female directors. The Company shall endeavor to increase the number of female board members in the future and achieve its goals.

### **Implementation of diversity of board members:**

The current Board of Directors is composed of 11 directors, all of whom have corporate management practices in listed companies. In addition to possessing leadership and decision-making, crisis management skills and international market insights, among the three independent directors, CHEN Tien-Wen is the Chairman of CAI Global Holdings Ltd., CHIANG Yung-Cheng is a partner at Zhengbang, Zheng Yang & Associates Law Firm, and TUNG Chun-Yi is the Chairman of Ability Venture Management Co., Ltd. They have expertise in legal practice, finance and accounting, industry knowledge and business judgment, respectively. Among the other 8 non-independent directors, as well as possessing key managerial experiences, Directors LIN Hsiao-Hsin and HSU Lan-Ying serve as chairman of listed companies, Director LIN Chien-Han is an industry professional, Director LIN Ming-Sheng has a doctorate in law and is an industry professional, and Director TU Heng-Yi is the

chairman of Wan Yuan Textile Co., Ltd. The basic composition of the Board of Directors is as follows:

Name of Director	Basic Composition									
	Nationality	Gender	Concurrently an Employee of the Company	Age				Length of service of independent Directors		
				41 to 50	51 to 60	61 to 70	71 to 80	Under 3 years	3 to 9 years	Over 9 years
LIN Hsiao-Hsin	ROC	Male					✓			
LIN Chien-Han	ROC	Male	✓	✓						
SATO Sadahiro	ROC	Male				✓				
NAKATA Takashi	ROC	Male			✓					
ONODERA Hirofumi	ROC	Male	✓			✓				
LIN Ming-Sheng	ROC	Male	✓	✓						
HSU Lan-Ying	ROC	Female	✓			✓				
TU Heng-Yi	ROC	Male				✓				
CHEN Tien-Wen	ROC	Male				✓			✓	
CHIANG Yung- Cheng	ROC	Male				✓			✓	
TUNG Chun-Yi	ROC	Male		✓					✓	

Note 3:  
**Statement from Ernst & Young Taiwan.**

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

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 2021.

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  
Accountants:  
WANG Yahn-Jyun  
HSU Hsin-Min

November 11, 2021

A member firm of Ernst & Young Global Limited

Note 4:

Continuing education for directors

Title	Name	Date of inauguration	Starting Date of First Term	Date in continuing education	Organizer	Course Name	Number of hours in continuing education
Chairman	LIN Hsiao-Hsin	2020.06.16	1996.04.20	2021.11.9	Securities and Futures Institute	2021 Prevention of Insider Trading Seminar	3 hours
				2021.12.22	Taiwan Corporate Governance Association	17th (2021) Corporate Governance Summit Forum - To fulfill ESG, Governance and Sustainable Development Practices	3 hours
Vice Chairman	LIN Chien-Han	2020.06.16	2014.06.24	2021.10.15	Securities and Futures Institute	2021 Insider trading regulatory compliance promotion handbook	3 hours
				2021.11.9	Securities and Futures Institute	Corporate governance and integrity	3 hours
Director	LIN Ming-Sheng	2020.06.16	2002.06.19	2021.10.5	Securities and Futures Institute	On the laws of directors, supervisors and insiders from the view of major enterprise malpractice	3 hours
				2021.10.15	Securities and Futures Institute	2021 Insider trading regulatory compliance promotion handbook	3 hours
				2021.11.9	Securities and Futures Institute	Corporate governance and integrity	3 hours
Director	ONODERA Hirofumi	2020.06.16	1993.03.30	2021.11.9	Securities and Futures Institute	2021 Prevention of Insider Trading Seminar	3 hours
				2021.12.22	Taiwan Corporate Governance Association	17th (2021) Corporate Governance Summit Forum - To fulfill ESG, Governance and Sustainable Development Practices	3 hours
Director	SATO Sadahiro	2020.06.16	1981.12.09	2021.12.22	Taiwan Corporate Governance Association	17th (2021) Corporate Governance Summit Forum - To fulfill ESG, Governance and Sustainable Development Practices	6 hours
Director	NAKATA Takashi	2020.06.16	1981.12.09	2021.12.22	Taiwan Corporate Governance Association	17th (2021) Corporate Governance Summit Forum - To fulfill ESG, Governance and Sustainable Development Practices	6 hours
Director	HSU Lan-Ying	2020.06.16	2008.06.13	2021.05.04	Securities and Futures Institute	Corporate governance and updates of international tax laws	3 hours

Title	Name	Date of inauguration	Starting Date of First Term	Date in continuing education	Organizer	Course Name	Number of hours in continuing education
				2021.10.05	Securities and Futures Institute	On the laws of directors, supervisors and insiders from the view of major enterprise malpractice	3 hours
				2021.10.15	Securities and Futures Institute	2021 Insider trading regulatory compliance promotion handbook	3 hours
				2021.11.02	Securities and Futures Institute	Sharing of Experience on Enterprise Hostile M&A Practices	3 hours
				2021.11.09	Securities and Futures Institute	Corporate governance and integrity	3 hours
Director	TU Heng-Yi	2020.06.16	2011.06.15	2021.08.10	Taiwan Corporate Governance Association	Handling of information security incidents under the new normal after the pandemic	3 hours
				2021.08.23	Independent Director Association Taiwan	Latest development and practices in the prevention of money laundering and countering financing of terrorism	3 hours
Independent Director	CHEN Tien-Wen	2020.06.16	2017.06.22	2021.09.01	Securities and Futures Institute	Value of information security in the post-pandemic era and amid the US-China trade conflict	3 hours
				2021.10.07	Securities and Futures Institute	Insider trading case study	3 hours
Independent Director	CHIANG Yung-Cheng	2020.06.16	2020.06.16	2021.04.28	Taiwan Institute of Directors	Corporate Governance 3.0 Sustainable Development Blueprint - New Standards and Trends	3 hours
				2021.09.01	Financial Supervisory Commission	The 13th Corporate Governance Forum in Taipei	3 hours
Independent Director	TUNG Chun-Yi	2020.06.16	2020.06.16	2021.09.01	Financial Supervisory Commission	The 13th Corporate Governance Forum in Taipei	6 hours

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	Professional qualifications and experience (Note 2)			Status of independence (Note 3)								Number of listed companies that the members of the compensation committee concurrently serve in
		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 Convener	CHEN Tien-Wen	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Independent Director	CHIANG Yung-Cheng	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Independent Director	TUNG Chun-Yi	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note 1: Please specify in the form the relevant tenure, professional qualifications and experience and independence of members of the Compensation Committee. If they are independent directors, please make a note to refer to Appendix 1 on page 11 on directors and supervisors' Information (1). For the identity, please fill independent directors or others (please add a note for convener) in the column.

Note 2: Professional qualifications and experience: Describe the professional qualifications and experience of each individual compensation committee member.

Note 3: Independence compliance: State the compliance of compensation committee members with independence, such as whether they, their spouse or relatives within the second degree of kinship serve as directors, supervisors or employees of the Company or its affiliates; and the number of shares held and shareholding percentage by them, their spouse or relatives within the second degree of kinship (or in the name of others); whether they serve as directors, supervisors or employees of companies (Subparagraph 5-8, Paragraph 1, Article 6 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter) that have a specific relationship with the Company; and the amount of remuneration they have received in the last two years for providing business, legal, financial and accounting services to the Company or its affiliates.

Note 4: For disclosure methods, please refer to the Best Practice Examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange Corporation

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 2021 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	CHEN Tien-Wen	3	0	100%	Scope of authority: 1. Stipulate and regularly review the performance of the directors and managers; as well as the compensation policies, systems, standards and structure. 2. Regularly evaluate and stipulate director and manager compensation.
Member	CHIANG Yung-Cheng	3	0	100%	
Member	TUNG Chun-Yi	3	0	100%	

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 Compensation 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 their opinions should be specified: None.
- III. Annual work highlights of the compensation committee

Date of meeting	Motions	Resolutions
2021.03.19	1. The proposal of the distribution of 2020 remuneration to directors, CEO and employees.	Unanimous vote by all attending committee members to approve the motion.



2021.11.11	1. Salary and remuneration of the Company's CEO and General Manager.	Unanimous vote by all attending committee members to approve the motion.
2022.03.15	1. The proposal of the distribution of 2021 remuneration to directors, CEO and employees. 2. Salary and remuneration of the Company's CEO and General Manager.	Unanimous vote by all attending committee members to approve the motion.

3-3-5 Status of promotion of sustainable development and its discrepancies from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

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. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (or one holding concurrent positions) unit to promote sustainable development, with the Board of Directors authorizing the senior management to manage the organization which is supervised by the board?	✓		I. On May 14, 2014, the Board of Directors approved the establishment of the CSR Committee to promote sustainable development of the Company's governance structure, chaired by the Chief Executive Officer. The Committee attends Board of Directors' meetings as a concurrent unit of the Human Resources Department. The Committee is responsible for the amendment and implementation of these regulations and reports the implementation status to the Board of Directors on a regular basis once a year, most recently to the Board of Directors on August 10, 2021.	No significant differences
II. 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?	✓		II. The Company formulates and implements the following procedures related to the Company's operations in accordance with the principles of materiality: Sustainable development is the belief that Taiwan Secom has always adhered to. Taiwan Secom fulfills its responsibilities as a corporate citizen, actively promotes energy conservation, carbon emissions reduction and waste reduction, and pursues the common improvement of corporate growth, ecological balance and social development. The Company works hand in hand with all stakeholders such as shareholders, employees, customers, suppliers, and communities, and strives for social equity and justice, human well-being and the sustainability of the earth. In addition to fulfilling corporate social responsibilities, the Company follows the Procedures for Ethical Management and Guidelines for Conduct and the Ethical Corporate Management Best Practice Principles to assess risks associated with the environmental, social and corporate governance issues, and has established risk management policies and procedures.	

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)				
				<b>Major issues</b>	<b>Risk assessment items</b>	<b>Risk management policy or strategy</b>	
				Environment	Environmental protection	<p>1. The Company belongs to the security service industry, and originally was not involved in manufacturing environmental management. After taking manufacturing, materials, procedures, quality and corporate social responsibility into consideration, Titan Star International Co., Ltd., a wholly-owned subsidiary (with ISO14001 environmental management system certification, ISO 9001 quality management verification), is entrusted with maintaining equipment production, implementing fire protection, anti-theft and disaster prevention for manufacturing and processing management of server and sensor electronic components, protecting consumers from toxic substances, and obtaining QC080000 certification.</p> <p>2. The Company is committed to environmental protection and green manufacturing of products. Due to the nature of the industry, the main energy uses are vehicle fuel and electricity in various places. In 2021, the total amount of gasoline and diesel used for</p>	

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)				
						fuel was 1,467,338.38 liters, and the electricity consumption was 9,283,194 kWh. The annual unit calorific value (MJ) of energy products was 81,554,123 MJ, a decrease of 1,030,588.96 MJ from the previous year. 3. Establish key implementation plans every year, and regularly track and review the progress of each goal to ensure the achievement of the goals. 4. Organize the annual internal audit plans, and check the Company's compliance with the relevant environmental laws and regulations, and audit if the operating procedures have met the regulations.	
				Society	Occupational and product safety	Occupational safety: 1. The Company regularly conducts workplace safety and health inspections quarterly and provides safety and health education for new and in-service employees through online and physical courses. In terms of the implementation of health protection management, the Company conducts health checks and special work inspections for employees every year to prevent occupational illness, and, in accordance with	

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)				
						<p>the Occupational Safety and Health Act, adds on-site services of doctors and nurses to provide employees with health education counseling and health promotion sessions.</p> <p>2. Runs regular fire drills, industrial safety education, and training sessions every year to cultivate employees' ability to respond to emergencies and self-directed safety management.</p> <p>Product safety:</p> <p>1. Taiwan Secom adheres to the pursuit of high technology and information capabilities, and verifies service quality in research and development, production, service, and listening actions, and makes quick corrections.</p> <p>2. A strong and complete seven-center structure to accurately exchange information, communicate collaboration, and actively adjust internal resources and strategies. Taiwan Secom believes that only by continuously reinforcing service quality, optimizing service content, and improving innovation can we truly become customers' attentive partners.</p> <p>3. Value every call from customers. When handling customer complaints, try to adhere</p>	

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)				
						to the principle of customer first. Convert customers' attitudes toward the Company's products and services into quantitative data, perform PDCA for improvement, and monitor and control service quality issues to ensure that all departments meet customer expectations.	
				Corporate governance	Regulatory compliance	Establish corporate governance organizations and implement internal control measures to ensure that all personnel and works of the Company comply with the relevant laws and regulations.	
					Strengthening the functions of directors	1. Plan relevant study topics for directors, and provide directors with the latest regulations, system developments and policies on a yearly basis. 2. Cover the Company’s directors under liability insurance to protect them from lawsuits or claims	
					Stakeholder communication	1. In order to avoid misunderstandings between stakeholders and the Company, which may lead to business or litigation risks, the Company analyzes important issues regarding the relationship between key	

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)			
					stakeholders and the Company every year. 2. Establish various communication channels to actively communicate and reduce confrontation and misunderstanding. Establish a dedicated mailbox for investors, with a spokesperson to handle and respond to questions and issues raised.	
III. Environmental issues (I) Does the Company set an Environmental management system designed to industry characteristics?	✓		(I) The Company is in the security service industry, and has established an environmental management system: After stepping into the field of smart technology-based service, Taiwan Secom brings a beautiful vision to life, and enters into the lives of individuals and families to improve simplicity, aesthetics and beauty, and strives to incorporate the sustainable development into customers' lives through various aspects. The Company continuously develops new technology to provide customers with better products and services than other selections available in the market. It adopts smart monitoring and remotely-controlled commercial systems to effectively help customers manage energy consumption equipment and reduce unnecessary energy use. Promote the use of high-efficiency energy-saving lighting and electrical equipment in offices, and all units use energy-saving LED lamps to reduce the Company's energy consumption and improve energy efficiency. Advocate all employees to save energy together and encourage employees to propose energy-saving improvement ideas or			No difference.

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)	
(II) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	✓		<p>suggestions. Promote the Company's energy -saving solutions to all employees to improve the energy consumption performance and efficiency. After the energy consumption platform is established, it can completely collect water and electricity data used by all the operating units, and the system can keep records of accumulated consumption and offer data queries at any time, reducing the inconvenience of having employees keep their data and disclosing the fuel data of vehicles. A total of NT\$10,473,100 has been put into the replacement of lighting equipment. As of 2020, all lamps in the headquarters building have been replaced, 51 locations of external lighting have been replaced, and the lighting at the parking lot of the office building has also been replaced, reducing the energy consumption of 1,250,895 kWh over three years.</p> <p>In 2021, the total electricity consumption of all operating units was 9,283,194 kWh, and the water consumption was 52,006 cubic meters. As of 2021, the replacement of lighting and the government incentives have generated a 98.16% recovery of the investment. It is expected that the full amount will be recovered in 2022 to continue the energy conservation and cost-saving efforts.</p> <p>(II) The various security hosts and peripherals are provided to our customers on a rental basis. Therefore, each device can be recycled to reduce the impact on the environment.</p>	No difference.
(III) Does the Company assess the potential risks and possibilities of climate change regarding the Company now and in	✓		<p>(III) The Company knows the importance of climate change to potential risks and opportunities to enterprises, and has adopted the response measures for related issues, which are summarized as follows:</p> <p>1. Quantitative management objectives for energy conservation, carbon emissions reduction and water management</p>	No difference.



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)																														
the future, and take measures to respond to climate-related issues?			<p>(1) Energy conservation and carbon emissions reduction Vehicles' energy consumption and fuel efficiency are closely related to business operating costs, and have a far-reaching impact on the sustainability of the environment. For the fuel consumption data of the Company's own vehicles, we establish a clear policy, formulate management measures, achieve predetermined goals through various action plans, and implement energy conservation and environmental protection in every detail.</p> <p>(2) The objectives of energy conservation and carbon emissions reduction met in the past three years are as follows: Energy consumption of vehicles between 2019 and 2021</p> <table border="1"> <thead> <tr> <th colspan="2">Greenhouse gas inventory</th><th>2019</th><th>2020</th><th>2021</th></tr> </thead> <tbody> <tr> <td rowspan="2">Scope 1 (direct emissions)</td><td>Gasoline (L)</td><td>1,621,836.71</td><td>1,410,828.87</td><td>1,411,516.40</td></tr> <tr> <td>Diesel (L)</td><td>60,473.89</td><td>56,493.57</td><td>56,021.98</td></tr> <tr> <td>Scope 2 (indirect emissions)</td><td>Electricity (KWh)</td><td>10,297,358.00</td><td>9,548,378.00</td><td>9,283,194.00</td></tr> <tr> <td colspan="2">Scope 1+ Scope 2 (ton-CO2e)</td><td>9,316.47</td><td>8,200.19</td><td>8,000.56</td></tr> <tr> <td colspan="2">Emission intensity = Total carbon emissions / Net revenue (ton-CO2e/NTD million)</td><td>1.33</td><td>1.17</td><td>1.11</td></tr> </tbody> </table>	Greenhouse gas inventory		2019	2020	2021	Scope 1 (direct emissions)	Gasoline (L)	1,621,836.71	1,410,828.87	1,411,516.40	Diesel (L)	60,473.89	56,493.57	56,021.98	Scope 2 (indirect emissions)	Electricity (KWh)	10,297,358.00	9,548,378.00	9,283,194.00	Scope 1+ Scope 2 (ton-CO2e)		9,316.47	8,200.19	8,000.56	Emission intensity = Total carbon emissions / Net revenue (ton-CO2e/NTD million)		1.33	1.17	1.11	
Greenhouse gas inventory		2019	2020	2021																													
Scope 1 (direct emissions)	Gasoline (L)	1,621,836.71	1,410,828.87	1,411,516.40																													
	Diesel (L)	60,473.89	56,493.57	56,021.98																													
Scope 2 (indirect emissions)	Electricity (KWh)	10,297,358.00	9,548,378.00	9,283,194.00																													
Scope 1+ Scope 2 (ton-CO2e)		9,316.47	8,200.19	8,000.56																													
Emission intensity = Total carbon emissions / Net revenue (ton-CO2e/NTD million)		1.33	1.17	1.11																													
(IV) Has the Company compiled the greenhouse gas emissions, water consumption and total	✓		<p>(IV) Water resource management The Company has implemented water conservation measures internally, and has achieved the goals after communicating with the employees. The water consumption in the past three years is as follows:</p>	No difference.																													

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)			
weight of waste over the past two years and established management policies for the reduction of greenhouse gas emissions, water consumption and other wastes?						
			Year	2019	2020	2021
			Total water consumption (M³)	65,143	64,587	52,006
			Total number of employees	2,458	2453	2441
			Water consumption per person	26.50	26.33	21.31
			Waste management			
			● Sources of waste			
			The Company's waste mostly comes from raw materials used for research and development, scrapped end products, plastic packaging and other domestic waste. Our rigorous categorization and management measures reduce the environmental impact. Wastes are separated into the following categories according to the standards of the Environmental Protection Administration:			
			1. General business waste: The waste that can affect human health or pollute the environment. For example: Waste plastic products, waste batteries, etc.			
			2. Recovered waste: The waste that can be recovered and reused, such as cardboard boxes, plastic packaging materials, etc.			
			3. Other business waste, such as domestic waste.			
			● Waste management and control procedures			
			To ensure that waste can be disposed of effectively and legally, the waste management measures are as follows:			
			1. The Company established the Waste Disposal Measures in accordance with the			

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)																
			<p>announcement on 2006.05.30 made by the Environmental Protection Administration to effectively supervise the Company's internal waste disposal.</p> <p>2. According to the provisions of the environmental management system, waste disposal can be divided into:  Early phase: Waste classification and reduction measures.  Intermediate phase: Scrap process control.  Late phase: Properly handle supervision and tracking to reduce the impact of environmental sanitation.</p> <p>3. Use the Company's internal quality control operations and back-end technical maintenance procedures to strictly control the review of electronic products before they are scrapped, further improving their reuse rate.</p> <p>4. Conduct equipment renovation and technical discussions with relevant suppliers to increase the reusability of recycled waste.</p> <p>● Waste treatment method</p> <p>1. The Company established the Resources Recycling and Reuse Measures in accordance with the announcement on 2003.07.03 made by the Environmental Protection Administration to manage the recycling and reuse of waste. The parts that cannot be reused are disposed of and not put in landfills.</p> <p>2. Under long-term collaboration with the company, recycling operators legally dispose of the waste by incineration to reduce environmental pollution.</p> <p>Amount of recovery of general hazardous business waste</p> <table> <tr> <th>Type</th> <th>Battery (cells)</th> <th>Hardware and miscellaneous</th> </tr> <tr> <th>Year</th> <th colspan="2">Amount recovered</th> </tr> <tr> <td>2019</td> <td>8,066</td> <td>8,228</td> </tr> <tr> <td>2020</td> <td>9,008</td> <td>12,107</td> </tr> <tr> <td>2021</td> <td>8,431</td> <td>20,436</td> </tr> </table>	Type	Battery (cells)	Hardware and miscellaneous	Year	Amount recovered		2019	8,066	8,228	2020	9,008	12,107	2021	8,431	20,436	
Type	Battery (cells)	Hardware and miscellaneous																	
Year	Amount recovered																		
2019	8,066	8,228																	
2020	9,008	12,107																	
2021	8,431	20,436																	

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)	
V. 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; it provides an equal working environment for both genders in the workplace. 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. Risk mitigation measures in the aspect of human rights are implemented and disclosed in Chapter 3 of the 2020 sustainability report.	No difference.
(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) 1. Overall remuneration policy Performance bonuses are issued based on the company's operating performance and the evaluation of employees' individual performance in order to reward employees' contributions and motivate them to continue their efforts. The year-end bonus is based on the Company's annual profitability. According to the Articles of Incorporation, 1% of profit of the current year is distributable as employees' bonus, which appropriately reflects the Company's operating performance in the remuneration for employees. 2. Employee welfare measures Taiwan Secom is committed to creating a safe and harmonious workplace, and has established an employee welfare committee in accordance with the Employee Welfare Fund Act to provide various subsidies, and invite employees from various functions to discuss related employee welfare issues. With the continuous improvement of various measures, the Company has maintained a long-term harmonious employer-employee relationship. Taiwan Secom allocates 0.15% of the monthly revenue to fund activities organized by the employee welfare committee, such as employee birthdays, maternity gifts, wedding and funeral subsidies, scholarships for employees' children and annual festival funds, etc., which are welfare programs to reward employees for their hard	No difference.

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)	
(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		<p>work. Employee trips are held from time to time, so that employees can take the opportunities to relieve their work pressure, improve physical health and network with others, further improving their cohesion.</p> <p>3. Workplace diversity and equality</p> <p>Provide relevant information on laws and regulations in pre-employment training for new hires, including prohibition of forced labor and child labor, anti-discrimination, anti-harassment, working hours management, and protection of humane rights.</p> <p>Provide a grievance channel for sexual harassment prevention and understanding of the concept of sexual harassment and the Company's approach handling sexual harassment incidents.</p> <p>Disseminate importance of preventing workplace abuse.</p> <p>Help employees understand the meaning of workplace bullying and how to prevent bullying, so as to jointly create a friendly work environment that is open to communication and open management.</p> <p>Workplace equality</p> <p>Achieve equal pay and equal promotion opportunities for men and women for equal work. In 2021, female employees accounted for 19% and female supervisors accounted for 11% of the work force.</p> <p>4. Operating performance is reflected in employee remuneration</p> <p>The Company participates in salary market surveys every year, and adjusts salaries according to economic trends, market levels and personal performance to maintain overall salary competitiveness. For 2021, the ratio of remuneration for male and female and supervisors and non-supervisors has no significant difference.</p> <p>(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 health checks in accordance with the Labor Health Protection Rules.</p>	No difference.

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) 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 difference.
(V) Does the company follow relevant laws, regulations and international standards and establish policies 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 difference.
(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?	✓		<div>(VI)</div> <div>Current management standards for equipment suppliers and construction contractors:</div> <div>1. It is not allowed to directly or indirectly provide personal gifts, banquets, bribes, kickbacks or other improper transactions to the employees of the Company.</div> <div>2. Child labor under the age of 15 is prohibited, and labor health insurance and accident insurance are provided for employees.</div> <div>3. Regularly carry out labor safety and health education and training sessions.</div> <div>4. Require contractors to conduct labor safety and health education and training for their employees.</div> <div>5. Regularly inspect the construction operating units during construction.</div>	No difference.

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)	
			<p>6. Construction units with doubts about the project payments may file their complaints through the construction transaction system.</p> <p>7. Contracts require that contractors abide by the safety and health code of conduct.</p> <p>8. For each project, hazard notifications are sent to each construction unit and dispatched workers through the construction transaction system to remind them of safety precautions.</p> <p>In the procurement contract, a relevant provision of “Corporate Social Responsibility (CSR)” has been added to announce the relevant constraints on the procurement counterparties.</p> <p>The provisions are as follows:</p> <p>Article 8 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:</p> <ol style="list-style-type: none"> <li>1. Do not use force, coercion, debt-forcing, contractual or involuntary labor.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ol>	

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)	
			<p>5. Employees must not be forced to undergo discriminatory medical examinations.</p> <p>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, set up appeal hotlines and mailboxes, and announce that to all employees. At the same time, the restrictions from 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.</p>	
V. Does the Company prepare its non-financial reports, such as a Sustainability Report in accordance with the internationally-used reporting standards or guidelines? Have such reports been assured, verified, or certified by a third party?	✓		V. In accordance with the GRI Standards issued by the Global Reporting Initiative, the Company prepared the "2020 Annual Report on Corporate Social Responsibility", which was independently subjected to limited assurance by Ernst & Young Taiwan in accordance with Statement of Assurance Standards No. 1, "Assurance on Audits or Reviews of Non-Historical Financial Information," issued by the Accounting Research and Development Foundation of the Republic of China (ARDF), and made available on the Company's website (with reference to International Standard on Assurance Engagements - ISAE 3000).( <a href="https://www.secom.com.tw">https://www.secom.com.tw</a> )	No difference.
VI. If the Company has established its CSR best practice principles according to “Corporate Social Responsibility Best Practice Principles for TWSE/TPEX 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.				
<p>VII. Other important information to facilitate better understanding of the company’s corporate social responsibility practices:</p> <ol style="list-style-type: none"> <li>1. The Company actively participates in social welfare activities, and regularly donates funds to relevant organizations.</li> <li>2. The Company established Taiwan Secom Cultural Foundation to take care of 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.</li> </ol> <p>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 promotes the “Taiwan Safety and Security Industry Association” and “Telecare Industry Association Taiwan”,</p>				



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)
and serves as the Director of the associations.			

Note 1: If the implementation is checked with "Yes", please explain the important policies, strategies, measures, and implementation is 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 that environmental, social, and corporate governance issues significantly influence the company's investors and other interested parties.

3-3-6 The state of the Company's performance in the area of ethical corporate management, any discrepancies from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such discrepancies

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	
<p>I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(I) Does the company establish ethical management policies approved by the board and have bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures and the commitment regarding the implementation of such policy from the board and the executive management team?</p> <p>(II) Has the Company established a risk assessment mechanism against unethical conduct, analyzed and assessed on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and established prevention programs accordingly which at least cover the prevention measures against the conducts listed in Paragraph 2 of Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?</p> <p>(III) Has the Company defined operating procedures, conduct guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The "Ethical Corporate Management Best Practice Principles" was approved by the Board of Directors on November 12, 2014 and was last revised on November 13, 2019. The Board of Directors and the management team actively implements the provisions related to the integrity management in the regulations, and validates the implementation of the regulations in internal management and external business activities.</p> <p>(II) The Company's Articles of Incorporation provide for the prevention of dishonest or unethical conduct, including operating procedures, conduct guidelines, and education and training, etc. To ensure that all employees are aware of them, employees can learn more about various compliance matters through the Company's employee database and reporting website.</p> <p>(III) The Company has policies that prevent unethical conduct and strengthen preventive measures for business activities with a higher risk of unethical conduct within the scope of business.</p>	<p>No difference.</p> <p>No difference.</p> <p>No difference.</p>

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	
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 has established the "Procedures and Conduct Guidelines for Ethical Corporate Management" on March 24, 2015, last revised on March 20, 2020, and approved by the Board of Directors. The Company and its subsidiaries face customers, suppliers, distributors, competitors and employees in a fair and impartial manner, and do not allow for competitive advantages arising from dishonest or unethical practices	No difference.
(II) Has the Company established a dedicated unit under the board responsible for the promotion of corporate ethics management, which regularly (at least once a year) reports policies on ethical operations, programs on prevention of unethical conduct and the status of supervision to the board?	✓		(II) 1. The "Corporate Planning Office" of the Company's General Management Division is a dedicated unit to promote ethical corporate management. It helps the board and the management formulate and supervise the policies and code of conduct based on the duties and scope of each unit to ensure the implementation of the Principles. The status of implementation was reported together with the corporate social responsibility report to the board on August 11, 2021. 2. The Company fully implements its integrity management policy and the related implementation status in 2021 is as follows: <b>A. Education and Training</b> In each training class, we plan a series of courses on laws and regulations, auditing, risk management, disaster prevention and security topics, etc., to study the legal knowledge, service	No difference.

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	
			<p>rules and behavioral regulations for conduct education and promotion. In the course, case studies are used to reinforce the concept and implementation of the three lines of defense mechanism to jointly manage and prevent unethical behavior.</p> <p><b>B. Legal Compliance:</b> The Company implements the policy of ethical management, and the related implementation and dissemination of laws and regulations and cases, including the announcement of legal knowledge, code of conduct, code of ethical management and operating procedures for employees through the Company's employee database and reporting website.</p> <p><b>C. Annual Self-assessment:</b> Annual online Self-assessments are conducted for all employees, covering the Code of Conduct, the Ethical Corporate Management Best Practice Principles and the Conduct Guidelines. It focuses on the integrity of business activities, the prohibition of dishonest and unethical acts, and harm to the interests of stakeholders, and the obligation of confidentiality of the Company's intellectual property rights.</p> <p><b>D. Periodic Audits:</b> In order to prevent employees from engaging in dishonest or unethical behaviors and to consider factors such as fraud risks, the Legal Office of the Company's General Management Division has been</p>	

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	
			<p>set up as the dedicated unit charged with formulating and implementing procedures for managing, preserving, and maintaining the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.</p> <p><b>E. Whistleblower System and Whistleblower Protection:</b></p> <p>The "Corporate Governance Best Practice Principles", the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and. Guidelines for Conduct" provide for a specific reporting system to actively prevent unethical or dishonest conduct and encourage internal and external personnel to report dishonest conduct or misconduct, with the General Management Division "Legal Office" designated as the dedicated unit for receiving reports. We provide an effective communication channel for employees, shareholders, stakeholders and outsiders in the Stakeholders Area of our website. If the report involves a director or senior executive, the report shall be forwarded to independent directors and establish a whistleblower protection system to protect the identity and content of whistleblowers. We are also</p>	

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	
(III) Does the Company establish policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		<p>committed to protecting whistleblowers from improper treatment as a result of their reports.</p> <p>In addition, the Company's Human Resources Department are verified to have committed unethical activities are punished according to the relevant laws and regulations and the Company's reward and punishment measures, including resignation or dismissal. Internal Audit Office: Audit of reported cases of violations of the Company's ethical corporate management policies and relevant laws and regulations.</p> <p>(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.</p>	No difference.
(IV) Has the Company established an effective accounting and internal control system to put ethical corporate management into practice and arranged for the internal audit unit to formulate audit plans based on the risk assessment of unethical	✓		<p>(IV) Internal auditors report to the Board of Directors on the execution of audit operations.</p>	No difference.

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	
<p>conduct and audit the compliance to prevent unethical conduct, or commissioned independent auditors to conduct the audit?</p> <p>(V) Does the Company provide internal and external ethical management training programs on a regular basis?</p>	✓		<p>(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.</p>	No difference.
<p>III. Operation of the whistleblowing System</p> <p>(I) Does the Company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible personnel to handle the complaint received?</p> <p>(II) Does the Company establish standard operating procedures for investigating the complaints received, follow-up measures to be adopted and the related confidentiality measures after investigation?</p> <p>(III) Does the Company adopt measures to protect whistleblowers from improper treatment as a result of</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company has established the following complaint or grievance filing channels for employees or external parties:</p> <ol style="list-style-type: none"> <li>1. Address: No.139, Zhengzhou Road, Datong District, Taipei City 10341</li> <li>2. Complaint filing hotline: 0800-221195</li> <li>3. Complaint filing fax number: (02)2557-0665</li> <li>4. Email address: kikiya123@secom.com.tw</li> </ol> <p>The division of powers and responsibilities for handling the reported violations are clearly defined.</p> <p>(II) The Company has established a whistleblowing procedure and a confidential mechanism for receiving complaints.</p> <p>(III) Unless otherwise required by law, the Company will take appropriate measures to protect the privacy of the</p>	<p>No difference.</p> <p>No difference.</p> <p>No difference.</p>

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	
whistleblowing?			whistleblowers and the information provided by the them and maintain confidentiality.	
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: <a href="http://www.secom.com.tw">http://www.secom.com.tw</a>	No difference.
V. If a company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX 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.				

(VII) 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.

(VIII) Other important information that will provide a better understanding of the status of the company's implementation of corporate governance may also be disclosed: The operation of the corporate governance is disclosed is made available in electronic files on the MOPS, and the announced items are:

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 15, 2022

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 2021:

- I. The Company recognizes that it is the responsibility of the Board of Directors and CEO 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, 2021, 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 15, 2022, 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: LIN Hsiao-Hsin (Signature)

CEO: ONODERA Hirofumi (Signature)

2. Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report: 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 of Directors held in the most recent year and up to the date of this annual report:

1. Important resolutions of 2021 general shareholders' meeting:

The Company held one general shareholders' meeting in 2021 and up to date of this annual report. The 2021 annual general shareholders' meeting was held in No. 151, Section 5, Danjin Road, Tamsui District, New Taipei City (Tamsui Training Center of Taiwan Secom Co., LTD) on July 2, 2021, and the summary of significant resolutions is as follows:

- Matters for Ratifications: :

- (1) Summary: Ratification of the 2020 Business Report and Financial Statements  
Resolution: The motion was ratified by the voting results shown as follows: :

Items	Voting rights of shareholders in attendance	Approval	Against	Invalid	Abstention/ Did not vote
Weight	363,717,812	359,662,359	40,401	0	4,015,052
Percentage	100%	98.88%	0.01	0	1.11%

Implementation results :

Ratification of the 2020 business report and financial statements: Relevant statements have been submitted to the competent authority for reference and application for public announcement in accordance with the Company Act and other relevant laws and regulations.

- (2) Summary: Ratification of 2020 Distribution of Earnings :

Resolution: The motion was ratified by the voting results shown as follows:

Items	Voting rights of shareholders in attendance	Approval	Against	Invalid	Abstention/ Did not vote
Weight	363,717,812	358,892,354	831,404	0	3,994,054
Percentage	100%	98.67%	0.22	0	1.11%

Implementation results :

The resolution of the 2021 annual general shareholders' meeting approved the 2020 distributable of earnings is NT\$2.21988 billion and the proposal of cash dividends of NT\$4.92 per share. August 2, 2021 was set as the record date of dividends, and the cash dividends were issued on August 20, 2021.

- Matters for Discussions:

- (1) Summary: Proposal of distribution of cash dividend by capital reserve:  
Resolution: The motion was ratified by the voting results shown as follows:

Items	Voting rights of shareholders in attendance	Approval	Against	Invalid	Abstention/ Did not vote
Weight	363,717,812	359,471,357	45,631	0	4,200,824
Percentage	100%	98.83%	0.01	0	1.16%

Implementation results :

The Company plans to distribute the capital reserve NT\$36,095,768 of the surplus from the issuance of shares in excess of the par value to shareholders. According to the shareholding percentage recorded in the shareholder register on the record date, a cash dividend of NT\$0.08 per share will be distributed.

2. Implementation of important resolutions board meetings held in 2021:

A total of six board meetings were held in 2021 and during the current fiscal year up to the date of this annual report on March 31, 2022. An abstract of the resolutions of the meetings is as follows:

**Date of meeting: March 19, 2021 (4<sup>th</sup> meeting of the 16<sup>th</sup> board)**

- (1) Approved the 2020 business report and financial statements.
- (2) Approval of the 2020 distribution of employees and directors' remuneration.
- (3) Approval of the resolutions of 1st meeting of the 4th Compensation Committee.
- (4) Approval of the proposed the Company's 2020 distribution of earnings.
- (5) Approval of distribution of cash dividend by capital reserve.
- (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) Approved the proposal of changing the Company's Chief Auditor
- (8) Approved the proposal of the Company's 2021 business plan
- (9) Approval of the remuneration to CEO
- (10) Approval of coping with Ernst & Young Taiwan to change CPAs
- (11) Approval of the motion of the Company's donation to "Taiwan Secom Cultural Foundation":
- (12) Approval of the application for credit facilities from financial institutions.
- (13) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.
- (14) Approved the proposal of authorizing the Chairman to determine land purchases for operation within NT\$1 billion, based on the Group's development needs.
- (15) Approved the proposal of matters regarding the Company's 2021 Shareholders' Meeting.

**Date of meeting: May 13, 2021 (5<sup>th</sup> meeting of the 16<sup>th</sup> board)**

- (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 resolutions of 2nd meeting of the 4th Compensation Committee.
- (3) Approved the proposal to appoint corporate governance officers.
- (4) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.
- (5) For the purpose of the corporate group's diversification and expansion into the food and beverage business, the Company intends to authorize the chairman of the board to acquire the equity of Golden Harvest Food Enterprise Ltd. (referred to as Golden Harvest Food).

**Date of meeting: June 16, 2021 (6<sup>th</sup> meeting of the 16<sup>th</sup> board)**

- (1) Approved the proposal to set the postponement of the 2021 annual general shareholders' meeting.

**Date of meeting: August 11, 2021 (7th meeting of the 16th board)**

- (1) Approval of the application for credit facilities from financial institutions.

**Date of meeting: November 11, 2021 (8th meeting of the 16th board)**

- (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 Company's periodical evaluation for the independence of CPAs.
- (3) Approval of the 2022 audit plan.
- (4) Approved the proposal to establish a corporate governance committee and the Company's Articles of Incorporation of the Corporate Governance Committee.
- (5) Approval of the amendment to the provisions of the "Performance Evaluation Method for the Board of Directors"
- (6) Approved the proposal to establish the Company's Risk Management Policies and Procedures.
- (7) Approved the change of the Company's financial officers and spokesperson.
- (8) Approval of the proposal to lend funds to subsidiaries.
- (9) Approval of the application for credit facilities from financial institutions.

**Date of meeting: March 15, 2022 (9th meeting of the 16th board)**

- (1) Approved the 2021 business report and financial statements.
- (2) Approval of the 2021 distribution of employees and directors' remuneration.
- (3) Approval of the proposal to the Company's 2021 distribution of earnings.
- (4) Approval of the assessment on the effectiveness of the Company's internal control system for 2021 and the "2021 Statement of the Internal Control System"
- (5) Approval of re-formulating the "Internal Audit Operation" and "Self-Assessment Method for the Internal Control System" of the Company
- (6) Approval of the proposal to establish the Company 2022 business plan.
- (7) Approval of the resolutions of 3rd meeting of the 4th Compensation Committee.
- (8) Approval of the remuneration to CEO.
- (9) Approval of the proposal to amend the Company's Articles of Incorporation.
- (10) Approval of the proposal to amend the Company's Rules and Procedures of Shareholders Meetings.
- (11) Approval of the proposal to amend the provisions of the Procedures for Acquisition or Disposal of Assets.
- (12) Approval of the proposal to amend the provisions of the Corporate Governance Best Practice Principles.
- (13) Approval of the proposal to amend the provisions of the Company's Corporate Social Responsibility Code of Conduct and the name of the Code.
- (14) Approval of the Company's acquisition of 97.84% equity of Golden Harvest Food.
- (15) Approval of the application for credit facilities from financial institutions.
- (16) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.
- (17) Approval of the proposal to apply for additional lending of funds from the Company to subsidiaries.
- (18) Approved the change of the Company's acting spokesperson.
- (19) Approval of the motion of the Company's donation to "Taiwan Secom Cultural Foundation":
- (20) Proposal of matters regarding the Company's 2022 general 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, CAO, principal financial officer, chief internal auditor, and principal research and development officer.

March 31, 2022

Title	Name	Inauguration date	Resignation date	Reason for resignation or dismissal
General Manager	CHU Han-Kuang	2016.02.22	2021.01.01	Personnel change
Vice President	CHENG Sheng-Ying	2019.03.01	2021.09.13	Career planning
Vice President	YU Hsun-Ming	2016.02.22	2021.11.10	Retirement

### 3-4 Information regarding CPA's Professional Fees

#### 3-4-1 Professional Fees to CPA:

Unit: NT\$ thousand

Accounting firm	Accountant	Period covered by CPA's audit	Professional audit fee	Non-professional audit fee					Remark
				System design	Company registration	Human resource	Others (Note)	Subtotal	
Ernst & Young,  Taiwan	WANG Yahn-  Jyun	2021.01.01	2,8395,689	-360	277844	-	8373,001	1,1144,205	
		2021.12.31							
	HSU Hsin-Min	2021.01.01							
		2021.12.31							

(Note). Non-audit fees - For tax audit, NT\$1,788 thousand, corporate social responsibility report consultation service fees, NT\$491 thousand, special purpose audit report NT\$485 thousand, and others, NT\$237 thousand.

3-4-2 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.

3-4-3 When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10% or more: Not applicable.

3-5 Information on change of accountants: In order to cooperate with the internal position rotation of Ernst & Young, Taiwan, the Company changed the CPAs for financial statements from YU Chien-Ju and HSU Hsin-Min to WANG Yahn-Jyun and HSU Hsin-Min starting 2021.

3-6 Where the Company's Chairman, General Manager, 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	2021		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	LIN Hsiao-Hsin	100,000	-	40,000	-
Vice Chairman	Hsin Lan Investment Co., Ltd.	10,000	-	-	-
	Representative: LIN Chien-Han	71,000	-	-	-
Director	SECOM Co., Ltd. (Note 1)	-	-	-	-
	Representative: SATO Sadahiro	-	-	-	-
Director	SECOM Co., Ltd. (Note 1)	-	-	-	-
	Representative: NAKATA Takashi	-	-	-	-
Director	TU Heng-Yi	-	-	-	-
Director	SECOM Co., Ltd. (Note 1)	-	-	-	-
	Representative: ONODERA Hirofumi	-	-	-	-
Director	Yuan Hsin Investment Co., Ltd.	30,000	-	-	-
	Representative: LIN Ming-Sheng	-	-	-	-
Director	Chin Kuei Investment Co., Ltd.	-	700,000	-	-
	Representative: HSU Lan-Ying	-	-	-	-
Independent Director	CHEN Tien-Wen	-	-	-	-
Independent Director	CHIANG Yung-Cheng	-	-	-	-
Independent Director	TUNG Chun-Yi	-	-	-	-
Chief Strategy Officer	LIN Ming-Sheng	-	-	-	-
Head of CEO	ONODERA Hirofumi	-	-	-	-
CEO	LIN Chien-Han	71,000	-	-	-
CEO	LI Jung-Kuei	-	-	-	-
CEO	CHOU Hsing-Kuo	-	-	-	-
CEO	CHEN Su-Ling	-	-	-	-
General Manager	HSU Lan-Ying	-	-	-	-
General Manager	CHIANG Wen-Liang	-	-	-	-

Title	Name	2021		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
General Manager	CHANG Chun-Yuan	-	-	-	-
General Manager	LEI Ching-Ming	-	-	-	-
General Manager	CHANG Lan-Ching	-	-	-	-
General Manager	HUANG Hsien-Kuei	-	-	-	-
General Manager	TENG Ching-Chung	-	-	-	-
General Manager	CHANG Nai-Sen	2,000	-	-	-
General Manager	LU Chen-Lung	-	-	-	-
Vice President	CHEN Chia-Ying	-	-	-	-
Vice President	TAKAHA Hidenori	-	-	-	-
Vice President	LIN Chia-Hui	-	-	-	-
Vice President	WANG Chih-Chiang	-	-	-	-
Vice President	CHAN Jui-Tung	-	-	-	-
Vice President	HUNG Pei-Hsiu	-	-	-	-
Vice President	LIU Yun-Fang	(10,000)	-	-	-
Vice President	WU Jung-Hua	-	-	-	-

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 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: OZEKI Ichiro	-	-	-	-	-	-	-	-	
Shin Kong Life Insurance Co., Ltd.	36,808,205	8.16%	-	-	-	-	-	-	
Representative: PAN Po-Cheng	-	-	-	-	-	-	-	-	
Cheng Hsin Investment Co., Ltd.	21,781,337	4.83%	-	-	-	-	Shin Lan Enterprise Inc.	Cheng Xin Investment adopts the equity method to invest in the company	
Representative: LIN Hsiao-Hsin	4,150,918	0.92%	-	-	-	-	Yuan Hsin Investment Co., Ltd.	First degree relative representative of the company	
Chunghwa Post Co., Ltd.	18,907,740	4.19%	-	-	-	-	-	-	
Representative: WU Hong-Mo	-	-	-	-	-	-	-	-	
Shin Lan Enterprise Inc.	14,605,063	3.24%	-	-	-	-	Cheng Hsin Investment Co., Ltd.	Adopts the equity method to invest in the Company	
Representative: LI Mei-Hui	-	-	-	-	-	-	-	-	
Fubon Life Insurance Co., Ltd.	13,160,595	2.92%	-	-	-	-	-	-	
Representative: TSAI Ming-Hsing	-	-	-	-	-	-	-	-	
Wan-Quan DU Charity Foundation	8,568,216	1.90%	-	-	-	-	-	-	
Representative: TU Heng-Yi	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 Hsin Investment Co., Ltd.	8,048,190	1.78%	-	-	-	-	-	-	
Representative: LIN Ming-Sheng	1,213,941	0.27%	111,005	0.02%	-	-	Cheng Hsin Investment Co., Ltd.	First degree relative representative of the company	
Goldsun Building Materials Co., Ltd.	5,935,000	1.32%	-	-	-	-	-	-	
Representative: HSU Lan-Ying	-	0.00%	-	-	-	-	-	-	

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
Speed Investment Co., Ltd.	258,535	100.00%	-	-	258,535	100.00%
Leebao Security Co., Ltd.	83,983	100.00%	-	-	83,983	100.00%
Goyun Security Co., Ltd.	27,706	100.00%	-	-	27,706	100.00%
Chung Hsing E-Guard CO., LTD.	2,000	100.00%	-	-	2,000	100.00%
Goldsun Express & Logistics Co., Ltd.	59,465	100.00%	-	-	59,465	100.00%
Kuohsing Security Co., Ltd.	29,322	83.77%	935	2.67%	30,257	86.44%
Gowin Building Management & Maintenance Co., Ltd.	28,463	80.96%	6,694	19.04%	35,158	100.00%
Aion Technologies Inc.	12,740	73.75%	1,240	7.18%	13,980	80.92%
TransAsia Catering Service Co., Ltd.	24,563	67.02%	9,091	24.81%	33,654	91.83%
Taiwan SECOM Insurance Brokerage Services Inc.	913	90.00%	101	10.00%	1,014	100.00%
Tech Elite Holdings Ltd.	2,000	39.22%	-	-	2,000	39.22%
Lee Way Electronics Co., Ltd	6,859	34.29%	12,018	60.09%	18,877	94.39%
Anfeng Enterprise Co., Ltd.	900	30.00%	-	-	900	30.00%
Brighton Technology & Engineering Corporation	2,085	5.18%	36,638	90.95%	38,723	96.13%
Lots Home Entertainment Co., Ltd.	684	1.93%	31,106	87.59%	31,790	89.52%
Huaya Development Co., Ltd.	25,513	49.83%	-	-	25,513	49.83%
GALC Inc.	900	30.00%	-	-	900	30.00%
TransAsia Airways Corp.	76,246	10.05%	46,414	6.12%	122,660	16.17%
Goldsun Building Materials Co., Ltd.	77,706	6.59%	183,660	15.56%	261,366	22.15%

Note: The table lists the investment of the Company adopting the equity method as of December 31, 2021.

## 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		Remark		
		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 (85) Tai-Cai-Zheng (I) No. 27393
1997/6	10	219,700,000	2,197,000	219,700,000	2,197,000	Earnings 507,000	None	1997.06.05 (86) Tai-Cai-Zheng (I) No. 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 (87) Tai-Cai-Zheng (I) No. 45976
1998/9	65	300,610,000	3,006,100	300,610,000	3,006,100	Cash 150,000	None	1998.06.24 (87) Tai-Cai-Zheng (I) No. 52767
1999/6	10	336,683,200	3,366,832	336,683,200	3,366,832	Earnings 360,732	None	1999.05.18 (88) Tai-Cai-Zheng (I) No. 46432
2000/7	10	393,919,344	3,939,193	393,919,344	3,939,193	Earnings 572,361	None	2000.06.09 (89) Tai-Cai-Zheng (I) No. 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 (90) Tai-Cai-Zheng (III) No. 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 (90) Tai-Cai-Zheng (I) No. 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 (90) Tai-Cai-Zheng (III) No. 155986
2002/9	10	421,901,844	4,219,018	421,901,844	4,219,018	Earnings 200,905	None	2002.07.15 Tai-Cai-Zheng-Yi No. 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 Tai-Cai-Zheng-San No. 0910165917
2003/8	10	431,497,918	4,314,979	431,497,918	4,314,979	Capital surplus 165,961	None	2003.07.02 Tai-Cai-Zheng-Yi No. 0920129483
2005/9	10	440,127,877	4,401,279	440,127,877	4,401,279	Earnings 86,300	None	2005.08.11 Jin-Guan-Zheng-Yi No. 0940133015
2006/8	10	444,529,156	4,445,291	444,529,156	4,445,291	Capital surplus 44,012	None	2006.07.18 Jin-Guan-Zheng-Yi No. 0950131177
2014/10	10	500,000,000	5,000,000	451,197,093	4,511,971	Earnings 66,679	None	2014.08.01 Jin-Guan-Zheng-Fa No. 1030029353

Share type and total amount:

Types of shares	Authorized capital			Remark
	Outstanding Shares (Note)	Un-issued shares	Total	
Common shares	451,197,093	-	451,197,093	December 31, 2021
Common shares	451,197,093	-	451,197,093	As of March 31, 2022

Note: Listed stock.

#### 4-1-2 Shareholder structure

March31, 2022

Composition of Quantity	Governmental agencies	Financial institutions	Other Juristic Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	1	16	336	28,342	246	28,941
No. of Shares Held	331,000	75,409,801	116,602,479	76,416,039	182,437,774	451,197,093
Ownership held by the Company	0.07%	16.71%	25.84%	16.94%	40.44%	100.00%

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

#### 4-1-3 Ordinary share ownership distribution

March31, 2022

Shareholder ownership	Number of Shareholders	No. of Shares Held	Shareholding percentage
1 to 999	17,755	1,261,898	0.28%
1,000 to 5,000	8,914	17,040,253	3.78%
5,001 to 10,000	1,074	7,710,120	1.71%
10,001 to 15,000	401	4,938,753	1.09%
15,001 to 20,000	191	3,370,418	0.75%
20,001 to 30,000	161	4,008,474	0.89%
30,001 to 40,000	80	2,788,482	0.62%
40,001 to 50,000	38	1,743,279	0.39%
50,001 to 100,000	115	8,069,795	1.79%
100,001 to 200,000	66	8,911,886	1.97%
200,001 to 400,000	51	14,234,193	3.15%
400,001 to 600,000	27	13,391,475	2.97%
600,001 to 800,000	9	6,058,998	1.34%
800,001 to 1,000,000	8	7,103,390	1.57%
1,000,001 or above	51	350,565,679	77.70%
Total	28,941	451,197,093	100.00%

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

March 31, 2022

Names of major shareholders	Shares No. of Shares Held	Ownership held by the Company
SECOM Co., Ltd.	123,110,870	27.29%
Shin Kong Life Insurance Co., Ltd.	36,808,205	8.16%
Cheng Hsin Investment Co., Ltd.	21,781,337	4.83%
Chunghwa Post Co., Ltd.	18,907,740	4.19%
Shin Lan Enterprise Inc.	14,605,063	3.24%
Fubon Life Insurance Co., Ltd.	13,160,595	2.92%
Wan-Quan DU 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 Hsin Investment Co., Ltd.	8,048,190	1.78%
Goldsun Building Materials Co., Ltd.	5,935,000	1.32%

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

Year			2020	2021	As of March 31, 2022
Items					
Market Price Per Share	Highest		NT\$ 91.30	NT\$ 107.00	NT\$ 110.00
	Lowest		NT\$ 75.40	NT\$ 86.10	NT\$ 100.00
	Average		NT\$ 86.77	NT\$ 95.12	NT\$ 103.39
Net Worth Per Share	Before distribution		NT\$ 24.91	NT\$ 25.73	NT\$ -
	After distribution		NT\$ 19.91	NT\$ 20.73	NT\$ -
Earnings per share	Weighted average shares		440,923 Thousand shares	440,923 Thousand shares	-
	Earnings per share	Before adjustment	NT\$ 5.42	NT\$ 5.73	-
		After adjustment	NT\$ 5.42	NT\$ -	NT\$ -
Dividends per share	Cash dividends		NT\$ 5.00	NT\$ 5.00	NT\$ -
	Stock dividends	Dividends from retained earnings	NT\$ -	NT\$ -	NT\$ -
	Stock dividends	Dividends from capital surplus	NT\$ -	NT\$ -	NT\$ -
	Accumulated undistributed dividends		NT\$ -	NT\$ -	NT\$ -
Return on Investment	Price/earnings ratio		16.01	16.60	-
	Price/dividend ratio		17.35	19.02	-
	Cash dividend yield rate		5.76%	5.26%	-

#### 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 2021 profit distribution has been approved by the 9th meeting of the 16th board on March 15 2022, and the shareholder meeting proposed to distribute a cash dividend of NT\$5 per share.

##### 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:

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.

##### 2. The basis for estimating the amount of employee, director and supervisor remuneration, calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

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. Distribution of compensation as approved by the board:

(1) The date of dividend distribution approved by the board: 2022/03/15.

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

Unit: NT\$ thousand

Amount of employee compensation in cash	Amount of employee compensation in stocks	Amount of director compensation
29,435	0	117,741

The total remuneration for employees and directors estimated in the previous year was NT\$146,986 thousand, a difference of NT\$190 thousand from the actual disbursement of NT\$147,176 thousand. The difference is recognized as the 2022 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. Actual distribution of remuneration to employees and directors in the previous year (2020):

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.

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.

## V. 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” Smart Commerce 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 CCTV monitoring, Energy Saving Management, Smart Disaster Prevention, smart control, multi-area security protection mechanism, etc. With the Electronic 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 Service popular in households, the system is equipped with mechanisms specifically designed for home living and safety. The Company has further integrated the needs of Home Area Smart Management and home automation to actively develop a new generation of home systems, from disaster prevention, Energy Saving 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 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 System

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 an anti-coercion 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 Vehicle Fleet Management provides system service for those who require real-time monitoring of commercial vehicles, dispatch of vehicles, and oil and mileage control requirement. 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 Vehicle Positioning and 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 Vehicle Positioning and 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 Vehicle Fleet Management, 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 Positioning and 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.

(5) MiniBond Cold Chain Fleet Management System

For operators who need cold chain services, we provide vehicle GPS and digital thermometer management. The thermometer monitors -30 to 80 degrees, which meets the temperature control requirements of logistics operators who transport frozen and refrigerated goods and clinics that need vaccine refrigerators, so that items are kept at a low temperature throughout the transportation process and prevent from rotting away or deterioration. The online platform and mobile App track abnormal temperature changes in real-time, and show warning colors in three tiers, yellow, orange and red. The abnormal event notification, the temperature curves and report management in the App enable comprehensive temperature control and protection.

(6) MiniBond Digital Drive Recorder

MiniBond Digital Drive Recorder complies with the vehicle regular inspection standards of Article 39-1 of the Road Traffic Safety Regulations of the Directorate General of Highways, and has passed the VSCC vehicle safety inspection and ARTC certification, and it is capable of replacing the traditional drive recorders. GPS driving records and events are automatically uploaded and stored in the cloud for 1 year. Reports of regulations can also be accessed in real-time through USB and printed online, saving customers labor and time in maintaining them. When vehicles are involved in incidents, the installation can clarify liabilities.

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) 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.

(3) 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.

(4) 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.

D. Fire Prevention 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) HFC-227ea 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) Novec<sup>TM</sup>1230 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, 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, recognition for white lists, 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. Safe 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.

Taiwan Secom Group plans to carry out a cross-industry integration of medical



equipment's, assistive devices, elder tourism, health care products, physical examination center and a 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 Taiwan 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 for Corporates Program (Corporate Workplace)

- Programs to meet the needs of business owners to provide OM doctor (OM nurse) clinical service in accordance with occupational safety and health regulations
- 2022 Symbol of National Quality Award: Workplace health management solutions (Guo-Pin-Zi No. B01101)
- 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 Rescue Integrated Service Management (e-Image Management Platform Service)

- 2022 Symbol of National Quality Award: e-Image management platform service (Guo-Pin-Zi No. B01103)
- Provide mobile medical equipment such as 12-lead electrocardiogram and handheld mobile ultrasound before hospitalization, and use AIoT to analyze

- technical data for medical institutions to provide immediate and appropriate medical treatment services
- 5G+AIoT solution to overcome distance limitations and provide real-time online telemedicine service benefits
- (5) 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
- (6) 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
- (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 or outright purchase services, and the user can choose between PCs, tablets, QR code or other mobile devices according to their need to order meals. Selection of software applications 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 Service

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 ensure 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. The Company collaborated with the Taipei City Fire Department in 2018 and Yunlin County Fire Department in 2021 to present the Safe Guardian App to call upon the public for 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. Adhering to the principle of continuous innovation and progress, the Group introduced an upgraded version of the visual AED, Defibtech [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 response to this demand and to the one-fixed-day-off-and-one-flexible-rest-day labor policy, we have specifically planned the

—Cloud Guard one-stop service for those with specific requirements by substituting the nighttime police force with Smart Building Management Systems, we are able to help old communities to adapt to smart managing and strengthen the loyalty of our community customers.

(2) Property Management System

Developed by Taiwan Secom Group, the Secom Good Life App is committed to connecting the good life activities of business offices/communities and residents. The App enables users to take care of all chores at their fingertips, covering aspects such as food, medicine, housing, transportation, education, entertainment, and more. The reward program enables users to add value to their wallets, become fans and earn cash through services; at the same time, it is highly integrated with various services of Taiwan Secom Group. The Secom Good Life's attentive services enable a convenient daily life in commercial properties/communities. The real-time announcement, package express notification, and membership point reward to offset the management fee and or fees enable commercial property users and community residents to have a convenient and efficient office environment and daily life.

L. Disaster Prevention Integrated Planning Service

(1) Earthquake Alarm Service

Using the characteristics of seismic wave transmission, when a less destructive but 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 the situation through CCTV monitoring 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 extended "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 service. 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 Internet Sentry Information Security Service] 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

Expressed in thousands of NTD

Revenue and Proportion Items	2021	
	Sales	Proportion (%)
Income from electronic system	6,767,455	47.87%
Income from static guard service	2,326,606	16.46%
Income from cash-in-transit service	1,163,160	8.23%
Income from logistics service	1,106,245	7.83%
Other operating Income	2,771,431	19.61%
Total	14,134,897	100.00%

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

#### A. Current Products (Services)

- (1) IoT Smart Security and Control System Service
- (2) MiniBond Satellite Positioning and Search Service
- (3) MiniBond Vehicle Positioning and Management System
- (4) MiniBond Video Vehicle Positioning and Management System
- (5) MiniBond Waste Collecting Vehicle Positioning and Management System
- (6) MiniBond Cold Chain Fleet Management System
- (7) MiniBond Digital Drive Recorder Management System
- (8) Digital Surveillance and Video Intercom System
- (9) Professional Fire Safety Planning and Construction
- (10) Fire safety equipment monitoring and management services
- (11) Access Control and Attendance system construction service
- (12) Building Environment Integration and Planning service
- (13) Surveillance Equipment Integration and Planning service
- (14) Cash (and bills) Delivery Service
- (15) Resident Security Guard Service
- (16) Smart Buildings Management Service
- (17) Smart Care Service
- (18) Public Health Station Service
- (19) Contracted OM Nurse Clinical Health Care Services For Corporate
- (20) AED Life Security Integration Service
- (21) Public Elderly Care Service
- (22) Emergency Services for Solitary Elders
- (23) Cloud POS Store Management System Integration Service
- (24) Public Housing Security Solutions
- (25) Disaster Prevention Integrated Planning Service
- (26) New Retail E-commerce Service
- (27) Home Repair Service
- (28) UTM Secom Internet Sentry Information Security Service

#### B. New Products (Services) Development

- (1) Development of Minibond Video Tracker Cloud Storage Architecture
- (2) Development of Minibond BAC Tester And Platform
- (3) Development of Minibond ADAS And DMS Integration
- (4) Development of Cloud Intercom App And Electronic Locks Integration
- (5) Development of AI Smart Imaging Equipment And Cloud Analysis Integration
- (6) Development of My Vita And Cloud Map Control Management Platform Integration
- (7) Development of Integration Of My Vita And Electrostatic Treatment Reporter For Oil Pollution
- (8) Development of My Vita And Life Rhythm Detection Integration
- (9) Development of My Vita And Image Cloud Storage Integration
- (10) Development of My Vita And Cloud Intercom Integration
- (11) Development of My Vita And Various New Types of Sensors Integration
- (12) Development of Access Control And Door Intercom Integration

#### 5-1-2 Industry Overview

##### 1. IoT Security Control System

###### Industry status and development

Since its establishment in 1977, the Company has always put becoming an industry benchmark its goal. From the most basic passive anti-theft services to an all-around social security system industry integrating multi-functional and high value-added services, the

Company has become a role model for its competitors.

Due to their small scale and limited resources, there are few security monitoring companies in Taiwan that can adapt to the trend of the Internet of Things and successfully transform. However, due to the rapid evolution of technology, many potential international competitors have gradually emerged, and they focus on self-directed security management to challenge market acceptance. Looking at the market reactions, 24/7 control monitoring, real-time service and assistance, and the deployment of service locations throughout Taiwan are still the key points valued by customers.

#### Relations between the upstream, midstream and downstream of the industry

Secom Japan is one of our largest shareholders. Since the establishment of Secom Taiwan, the two sides have continuously exchanged, transferred, learned and shared technologies to grasp the latest technologies and market trends in the security control industry. In addition, in order to ensure product quality and supply stability, the affiliated companies of Taiwan Secom Group play an important role as upstream suppliers.

Collaboration with the industry, government and academia is also a key for product strategy development, such as the efforts with the Industrial Development Bureau of the Ministry of Economic Affairs, county and city governments, the Architecture and Building Research Institute of the Ministry of the Interior, other industry peers and colleges and universities, etc. The Company also employs top-grade equipment and consulting teams in the areas of information security, network communication, biometrics, mobile device software, artificial intelligence analysis, and video and audio digital convergence, who promote service content that is closer to consumer needs through joint research and development and need-finding.

Taiwan Secom has R&D integration capabilities, and can provide comprehensive customization services and supporting measures for large-scale commercial, financial, government organizations and other customers of different forms. In addition to large-scale commercial customers, general individuals and home users are system users. Since the development target extends to the B2B and B2C markets, dedicated departments are set up to manage and develop the respective markets.

#### Development trends and competition of products

The trend of the Internet of Things and the maturing AI deep learning and algorithm has resulted in a great leap forward in imaging technology to gradually replace the role of traditional sensor equipment, moving security control systems towards smart image recognition, on-site/cloud analysis, remote backup and other areas of development.

Due to the evolution of science and technology, the scope of competition is no longer just about the existing domestic service providers. Many start-ups at home and abroad use image recognition technology to provide a new type of security solution, which makes the competition increasingly fierce. Being able to provide differentiated and immediate services is still the core of the security industry, and it is Secom's advantage in leading the industry.

## **2. Digital Surveillance System**

#### Industry status and development

Surveillance systems in Taiwan have become a must-have for a variety of venues, from small stores to large parks. At present, in addition to video surveillance basically used for anti-theft functions, the features of AI and the Internet of Things can be used to achieve smart functions, such as license plate recognition, face recognition, crowd flow and capacity calculation, lost and found recognition and body behaviors recognition in general venues, and perimeter protection system, electronic fiber optic fence, shadow intrusion detection, laser detection system and other environmental monitoring.



#### Relations between the upstream, midstream and downstream of the industry

Surveillance systems have evolved from early analog and AHD images to current digital images. They go through the most upstream AI software design and chip manufacturing, midstream hardware equipment manufacturers and assemblers, and finally, system integrators for integrated marketing.

End customers continuously provide actual functional requirements, and the SI industry operators summarize the requirements and provide feedback to the upstream software developers for design, and the relationship keeps going in cycles.

#### Development trends and competition of products

Specialized recognition cameras are composed of smart image recognition for human features and actions, and the recognition software helps administrators conduct monitoring.

Due to the vigorous development of the Internet of Things industry, more and more manufacturers have joined the fierce competition from other industries, such as communication equipment manufacturers, broadband operators, and pay television system operators. Many of them sell across systems to provide updated functions and applications.

### **3. Web-Based Video Intercom System**

#### Industry status and development

Video intercom systems have become necessary equipment for residential buildings in Taiwan. In addition to communicating with visitors or building security, video intercom systems can adopt the Internet of Things features to achieve smart home functions, such as anti-theft, disaster prevention, automatic control of home appliances, environmental monitoring, lighting control, elderly care, etc., and they can be integrated with property management Apps.

#### Relations between the upstream, midstream and downstream of the industry

The early intercom systems offer only simple voice communication. From parts manufacturing to weak current engineering, the industry structure of parts, assembly and construction involved is relatively simple. Now video intercom systems have the Internet of Things platform embedded in the indoor machine by manufacturers, and they connect access control, monitoring system, and equipment with zb wireless transmission, and adopt the characteristics of the Internet of Things to continuously expand functions. These expand the production and development of related components in the video intercom system industry, the assembly at manufacturers, software function development at firmware companies, and system integrators' market demand feedback and design, making the entire industry move towards horizontal integration and expanding the overall industry output to meet the needs of consumers.

#### Development trends and competition of products

Image intercom systems have turned into multi-functional smart integrated intercom systems based on IP communication. In the future, they will be the center of information and signal transmission at home, connecting handheld devices to grasp any information related to "home". Due to the boom in the Internet of Things industry, many more manufacturers from other fields have joined the competition, such as communication equipment, surveillance system and access control system manufacturers. Many manufacturers have integrated across systems to provide updated functions and applications.

### **4. Satellite Positioning and Search Service**

#### Industry status and development

GPS satellite products have flourished since the 1980s. From early military use, they have now evolved into consumer communication products, including the use of GPS chips, receivers or modules to form various products for marine, land and air positioning and navigation, becoming an indispensable part of mountaineering, outdoor recreation, etc.

Due to the rapid development of the global economy, transportation and sales of goods are now without borders. In business applications, various transportation vehicles, including small trucks or large passenger (goods) vehicles, cold chain logistics fleets or vehicles carrying toxic waste, etc., are required to install on-board GPS for administrators to grasp vehicle positions in real-time to manage them accurately and achieve the purpose of time-saving and high efficiency. Therefore, the satellite GPS market has approached a mature stage.

#### Relations between the upstream, midstream and downstream of the industry

Relations between upstream, midstream and downstream of the industry of vehicle satellite GPS

The upstream industry has manufacturers providing GPS chips-related products, such as chips, quartz crystal oscillators, surface acoustic wave filters and passive components for electro-acoustic products.

The midstream industry provides GPS modules.

The downstream has manufacturers of GPS terminal products, such as GPS antenna, display panel, GIS map, navigation machine, satellite positioning vehicle on-board machine, etc.

#### Development trends and competition of products

For the development of satellite GPS products, the Company incorporated the use of GPS into human safety products as early as 2006. The MiniBond satellite positioning assistance service was developed to offer precise positioning technology and location inquiry, timed reporting, SOS emergency and other functions to protect the safety of children and the elderly.

The Company started developing satellite GPS on-board units for automobiles in 2009. For customers with fleet management needs, the units provide comprehensive vehicle and personnel management. Through real-time monitoring, driving reports, overspeed, and idling management, they can effectively improve the efficiency and streamline manpower needed.

As communication technology evolves from 2G to the current 5G mobile data application, compared with 4G LTE, which focuses on ensuring connection quality, 5G provides a cloud-to-client networking experience. For vehicle on-board GPS, the Company adds in DVR image monitoring management functions. In addition to transmitting real-time images, it is equipped with GPS/G-Sensor/4G module, which can automatically detect side impact, trigger forced shadowing, and completely record driving location and speed, making driving more secure.

The solution for the cold chain logistics industry incorporates the use of vehicle GPS units and digital thermometers to detect the temperature change of the cargo in real-time, and ensure the continuation of the cold chain process. For the government-regulated vehicles carrying toxic substances and wastes, the MiniBond on-board units for waste management vehicles are used to help customers achieve the management goals.

The development of on-board GPS products focuses on meeting the needs of administrators of vehicle control and protecting drivers. In addition to faster and correct positioning, they are able to detect various dangers for warnings and protect drivers and pedestrians immediately. For example, driving field of view assistance system or ADAS (advanced driver assistance system), DMS (driver monitoring system) and LDWS (lane departure warning system) use infrared detection or millimeter-wave radar or other thermal energy and pressure monitoring, combined with GPS, to send data back to the

database for analysis to warn drivers in advance to avoid dangerous situations.

At present, the competition in the vehicle GPS industry is quite fierce. Various manufacturers are thinking about how to connect various devices, in addition to their existing positioning functions, to meet the diverse needs of customers

## **5. Fire Prevention System**

### Industry status and development

With the continuous construction of commercial buildings, public housing, large-scale IDC computer rooms, etc., the demand for fire protection continues to increase. Due to the increase in domestic fire incidents and that fire protection infrastructure is not perfect, the awareness of disaster prevention in fire protection is raised, and the construction of fire safety facilities goes from a passive to an active attitude.

### Relations between the upstream, midstream and downstream of the industry

The fire protection industry consists of upstream equipment distributors and manufacturers, midstream fire construction companies, and downstream maintenance service providers.

The upstream equipment distributors and manufacturers are the main sources of supply of various fire protection components, and they provide the equipment and products to the midstream fire construction companies to complete the various Fire Prevention System in commercial, residential, factory and office properties. Downstream maintenance service companies conduct follow-up maintenance and repair to ensure the proper operation of the system.

### Development trends and competition of products

There are many domestic fire protection companies, but they tend to be small, unlike other industries that may have market leaders. Therefore, these fire protection companies tend to offer regional sales and maintenance services. In this regard, we have decisive advantages in terms of company size, capital and service flexibility.

## **6. Cloud Access Control and Attendance System**

### Industry status and development

Market factors: Requires rapid development of biotechnology and related products (face recognition machine + thermometer, QR code visitor system, 2D barcode, online P2P interactive functions through Apps, etc.).

### Relations between the upstream, midstream and downstream of the industry

Software application: 120 people for small systems, 500 people for medium systems, and 500 to 100,000 people for large systems. The relevant software application needs to obtain the original development software, and the department needs to have the ability to quickly develop, modify and solve to fully meet the market demand.

Hardware application: The rapid change of workplace information requires the ability to quickly integrate with the latest workplace systems to effectively grasp market trends, such as face ID machines, thermometers, etc.

### Development trends and competition of products

In recent years, linkage (mobile phone, PC) of Apps has become a rapid development trend in the workplace, and it is an indispensable product for work and life. Access control-related products need to keep up with this trend in order to effectively increase gross profit.

## **7. Cloud POS Store Management System**

### Industry status and development

The development of POS systems in Taiwan has continued for nearly 40 years. There are more than a hundred POS manufacturers in Taiwan, and the market leader accounts for less than 10% of the market share. Most of them adopt the single machine and outright purchase sales model, making the product integration poor. However, POS systems are a must-have product for store operations. Since the emergence of electronic payment and various startup platforms in 2017, POS has transformed itself from the role of accounting management to a more diverse store opening solution. In the future, the development of the industry will continue to focus on accounting management and incorporate more diverse services (payment/delivery/membership/reservation), which also include online-offline integration and member applications (online food ordering/shopping/customer referral).

#### Relations between the upstream, midstream and downstream of the industry

The upstream POS system software vendors will conduct development that conforms to a variety of hardware (server/order machine), and collaborate with midstream and downstream suppliers to provide solutions of different sales models (leasing/outright purchase) for customers to choose from.

#### Development trends and competition of products

Move the POS systems from the management system to the cloud through more diverse cross-platform integration, so that the POS can have more customer referrals and richer marketing to bring more revenue to stores.

At present, only a few vendors display a high degree of integration, but the after-sales service and system functions are not complete, and there is a lack of bottom-up ERP management systems and top-down membership marketing measures.

### **8. AED Life Security Integration Service**

#### Industry status and development

Among the top ten causes of death in Taiwan in 2020, heart disease still ranks second. As many as 2/3 of the cases of sudden cardiac deaths in Taiwan occur in non-heart disease patients, and unexpected sudden deaths often occur outdoors. Government regulations have actively promoted the widespread deployment of AED (Automated External Defibrillator) emergency equipment in eight main types of public places and other venues and the education and training sessions of "CPR+AED".

As of the end of 2021, 12,089 AEDs have been installed in 8 major types of public places, with a total of 6,236 locations being certified by the government as safe operation places. The penetration rate is higher than in other countries.

In April 2021, the Consumer Foundation conducted surveys of sites that have AEDs installed, and found that more than half of the machines had not been regularly checked and managed for more than six years, resulting in the poor performance of AEDs. The Ministry of Health and Welfare pointed out that although the installation density of AED in Taiwan ranks as high as No. 3 in the world, the utilization rate increases slowly. The phenomena all highlight the need to re-examine adding more locations and suggest a reasonable number of AED installations.

In April 2021, the Ministry of Health and Welfare pointed out in the revised and newly added draft for the public AED that the ninth type of public place will be added (public service facilities such as police station, dispatch station, patrol station, neighborhood activity center and full-time long-term care centers) for the deployment of AED first aid equipment.

#### Relations between the upstream, midstream and downstream of the industry

AEDs are considered a type of Class III medical equipment. The upstream vendors mostly supply electronic components, plastic materials and hardware parts; the

midstream vendors are medical equipment manufacturers such as Philips and Defibtech, with which the Group has active collaboration; and Lee Way Electronics Co., Ltd. under the Group is a specialized agent and distributor in the downstream of the industry chain.

#### Development trends and competition of products

At present, there are more than ten thousand of AEDs deployed in public spaces, and the density of 50 units for every 100,000 people has placed Taiwan among the top in the world. However, people's willingness to use and the related knowledge need improvement. In the future, it is necessary to reinforce the general public's awareness of AED+CPR basic operations and emergency aid. Lee Way Electronics Co., Ltd. currently provides a free AED+CPR 90-minute complete training course for all locations it sells to, and the course is taught by professionally certified teams. Students can take online tests immediately after class to check whether they have basic first aid knowledge, which greatly enhances the significance of installing AEDs for first aid. Although a few peers in the same industry have launched the same program, they have limited resources in instructors, or the courses need to be paid for. Most of them only provide courses online or marketing pamphlets for consumers to learn themselves, and it is difficult to confirm whether the concept of first aid is conveyed properly.

Since Taiwan's initial promotion of AEDs in 2013, the first batch of installations is already 8 to 9 years old. It remains to be seen whether the machines have aged and need to be replaced, the locations of installation are regularly maintained, or employees are properly trained. Lee Way Electronics Co., Ltd. launches Taiwan's first "Nanny Connection" service, which can detect the status of AEDs at any time and provide assistance, greatly reducing the probability of machines not working as they should, and giving customers reassurance. There are also 1,500 after-sales service staff and a 24-hour customer service center ready to answer customers' questions at any time. Such a large-scale team is one of the largest in the industry, giving the Company a competitive advantage.

At present, AEDs are still mainly placed in locations of government agencies and transportation hubs. The medical community calls on the Ministry of Health and Welfare to amend the law to expand the deployment to other sports venues, religious places, police dispatch stations, supermarkets, etc. Besides, the floor to AED machines ratio should also be revised. On average, one should be installed on every three floors so as to increase the coverage and density of public AEDs and avoid spending too much time getting the machines in emergencies.

The use of AEDs also has an urban-rural gap. Rural areas tend to have insufficient first aid resources. Coupled with the issues with the availability of ambulances and travel distance from hospitals, the probability of successful revival from OHCA is significantly lower than that in urban areas. Zhong Bao Social Welfare Foundation has been calling on like-minded emergency room doctors and CPR+AED first aid training instructors from Lee Way Electronics Co., Ltd. to visit ten or so remote villages to strengthen the first aid capabilities of tribal people. It is a common goal of all AED businesses to advocate for all companies to take a perspective on social welfare and donate AEDs to remote tribal villages to help them build public spaces that can give people greater peace of mind.

## **9. Property Management System**

### Industry status and development

After five or six years of development, the services of the property management system meeting the main market needs have taken shape, and there are quite a few solid practices for building security, management committees, residents and service providers.

At present, the system is divided into two parts:

The first is a free platform, which enables payment of management fees and building

management by management committees, and there are also cash transfer services, equipment management, shopping, IoT equipment solutions, repair and various daily life-related services.

The second is the payment collection system, which is built by several specialized software companies. The buyers are usually property management companies. This type of system usually provides complete cash transfer and powerful accounting functions, attracting the purchase of professional property management companies.

#### Relations between the upstream, midstream and downstream of the industry

The upstream is the service provider, the midstream is the property management platform enabling the service provider to place their services/products on the shelves, and the downstream is the general contractor and various sub-contractors.

#### Development trends and competition of products

Related products on the Market	Main Functions							Marketing and Payment Methods
	Community announcement	Mail and package	Gas meter reading	Payment of management fee	Payment for other daily life activities	One-tap taxi calling	One-tap door opening	
Secom Good Life	○	○	○	○	○	○	○	Free software Redeem reward points to pay management fee/In-App shopping 88 points rewarded to new members that bind their account
Brand A	○	○	○	○	○	○	X	Free software/Equipment provided 3,600 rewarded every half a year (need to meet active account criteria) Provide subscription upgrade •NT\$ 30 monthly fee •Block non-community and personal push notifications •Customized hide/show interface ads •Subscription cycle bonus point reward •Free trial in the first month
Brand B	○	○	○	○	○	X	X	Free software/Prepare your own equipment Pay management fee or 1% reward
Brand C	○	○	○	○	X	X	○	Free software/Prepare your own equipment (Need to pay for smart IoT)

## 10. New Retail E-commerce Service

#### Industry status and development

The growth of e-commerce for the stay-at-home economy in the post-pandemic era will be faster than before the pandemic. The increase in raw materials or labor costs in an era of inflation will reduce the gross profit margin of e-commerce merchants. Consumers will value the online shopping experience even more, and industry operators need to commit more marketing expenses to obtain and gain insight into consumer behavior data and conduct precision marketing.

#### Relations between the upstream, midstream and downstream of the industry

Upstream of the industry chain: Logistics, cash flow, information flow, etc. For logistics, there are warehousing and transportation providers. For cash flow operations, there are third-party payment providers. For information flow, there are software and hardware

developers, marketing and advertising service providers, etc. These are all important infrastructure providers for development.

Midstream of the industry chain: Online store opening platforms, system integration service providers, etc., They are operators that integrate various components (logistics, cash flow, information flow) from the upstream.

Downstream of the industry chain: Service and sales businesses. The use of e-commerce platforms to sell either in-house products or retail products, serving as an e-commerce and sales and marketing platform operator for consumers.

The operations of the entire service chain of upstream, mid-stream and downstream are interlocking and complementary to one another, and they operate as an ecosystem for the e-commerce industry. If a small link of the chain is broken, it may cause poor consumer experience or business losses. This presents a great challenge to e-commerce operators. This also creates a situation where big players get bigger and small players get kicked out of the game due to resource asymmetry.

#### Development trends and competition of products

There are more small merchants engaging in e-commerce now, but the product homogeneity is high. There are business models such as C2C, group buying promotion, online personal shoppers, etc, and the prices of the same products at the end of the market are inconsistent. Large-scale e-commerce companies or businesses supported by a parent group are even willing to adopt the approach of negative gross margins or subsidies to grab market share. Consumers like to make price comparison, and if the price is not competitive, products are not converted into orders and cash. Unique or niche products may create another source of revenue, but it takes time for a product to grow in a market and there are marketing costs. The long payback period is also a challenge.

## **11. Network Information Security Service**

### Industry status and development

With the penetration of technology into everyone's daily life, network information security issues have become more important. Since the emergence of computer viruses in the 1970s, various viruses, worms, Trojans and ransomware, etc. present a vital issue to personal, business, government and national security. Taiwan, due to its unique geographic location, receives attacks on information security twice the global average. The Asia-Pacific region has long been a hot spot for hackers. Therefore, the information security industry is actively promoting its services.

The development of 5G makes the application of the Internet of Things (IoT) more active. During the pandemic, home and remote work also need to be connected through the cloud, so the information security industry takes an even more comprehensive approach against information security threats. In addition, the government vigorously promotes the cultivation of information security talents and encourages the industry to launch various information security solutions.

### Relations between the upstream, midstream and downstream of the industry

According to the categorization conducted by the Industry, Science and Technology International Strategy Center of the Industrial Technology Research Institute, there are eight main categories in the upstream, midstream and downstream of the information security industry. In the upstream, there are terminal and mobile device protection, network security, data and cloud application security, and IoT security.

In the midstream, there are information security operation management services and information security inspection and audit consulting services providing specialized information security services.

In the downstream, there are system integration services and information security support services.

### Development trends and competition of products

With the development of the Internet, information security has become a part that cannot be ignored in personal and corporate activities. Especially in the face of the impact of the global pandemic, the remote work model has greatly increased network security risks.

The aspect of security protection has extended from the initial password encryption prevention, anti-virus software and firewall to automatic intrusion detection system (IDS). Whenever there is a suspicious intrusion, the IDS issues an alarm and monitors any activities triggered inside the system. Intrusion prevention systems (IPS) can identify, record and report malicious activities, and stop and block malicious connection attempts. A next-generation firewall (NGFW) can provide in-depth inspection to detect encrypted traffic and applications. For web information security, there are web application firewalls (WAF) specially designed for web applications.

By 2022, the initiative of "Industry Information Security Transformation" has been promoted in response to the development of 5G and the connection and integration needs of the IoT, and information security vendors have introduced a variety of information security solutions for various scales of companies, making the market even more competitive.

### 5-1-3 Overview of Technology and R&D

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

2021	NT\$112,028 thousand
As of the printing date of this annual report (2022)	NT\$28,641 thousand
Projected R&D expenses in 2022	NT\$127,042 thousand

#### **2. Technologies and products successfully developed:**

##### **I. Development of fire sensors and platform functions with wireless communication functions**

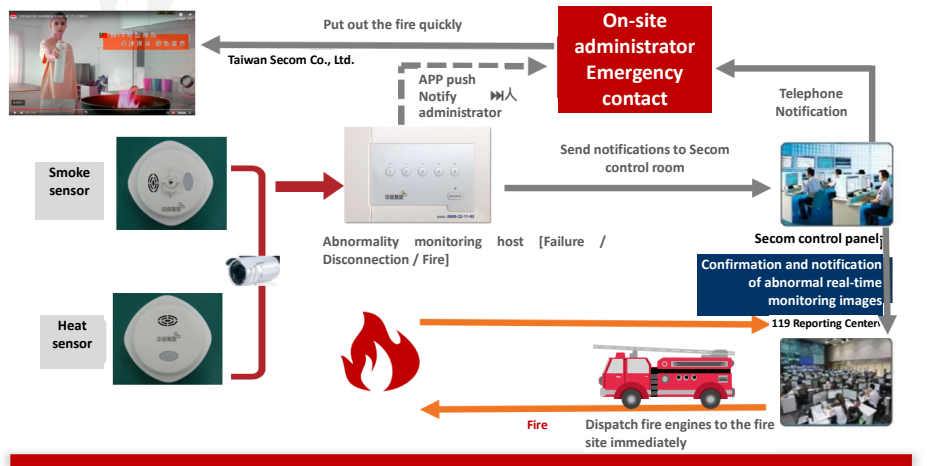
Security systems in the past have already integrated smoke and heat fire sensors. When a fire occurs, the on-site sensor alarms sound, and the alarm signals are transmitted to the control center at the same time. Most of them are traditional single-function wired type sensors. Sensors that are multi-functional, and can support wireless communication and pass fire inspection on complying with the fire regulations are needed.

Today's security systems have entered an era of wireless systems integrated with the IoT. In order to ensure the safety of users' lives and properties, Taiwan Secom has introduced alarms and developed wireless transmitters and security system connections that comply with safety standards of fire regulations and can detect exceptions and notify on-site personnel, fire authorities and emergency contacts for corresponding measures.

General security systems on the market are equipped with smoke and heat detectors, and, in order to ensure safety and comply with laws and regulations, fire alarms need to be installed. The implementation may waste resources and increase costs, and repeated installation can damage the aesthetics of buildings. The use of this developed equipment can resolve these issues easily.



## Fire sensor devices and platform functions framework



### System architecture diagram

In order to resolve the above issues, Taiwan Secom has developed fire sensor devices and platforms with wireless communication capabilities that can comply with future fire regulations and standards without affecting the functions of the original fire safety equipment. The functions provided include:

- (1) When the system receives a report from the devices, it sends a notification to Secom's control center, and the App sends push notifications to the user. The monitoring system can be linked to check the scene to confirm the fire situation and arrange relevant emergency treatments.
- (2) Whenever the device functions abnormally, it sends out a message, and the Company dispatches personnel to check on the device. The approach maintains the normal functioning of the device and ensures the safety of clients and properties.
- (3) When the battery in the device runs low, the device produces a sound to remind the user to replace the battery, and sends a Low Battery signal to the Company at the same time, so that the Company can make an appointment with the user to send maintenance personnel to replace the battery.
- (4) While waiting for the battery replacement, if the client reports that the Low Battery reminder has affected the user, the control may temporarily stop the device from beeping. If the battery is not replaced within 72 hours, the device will continue to beep and remind the user to immediately replace the battery.

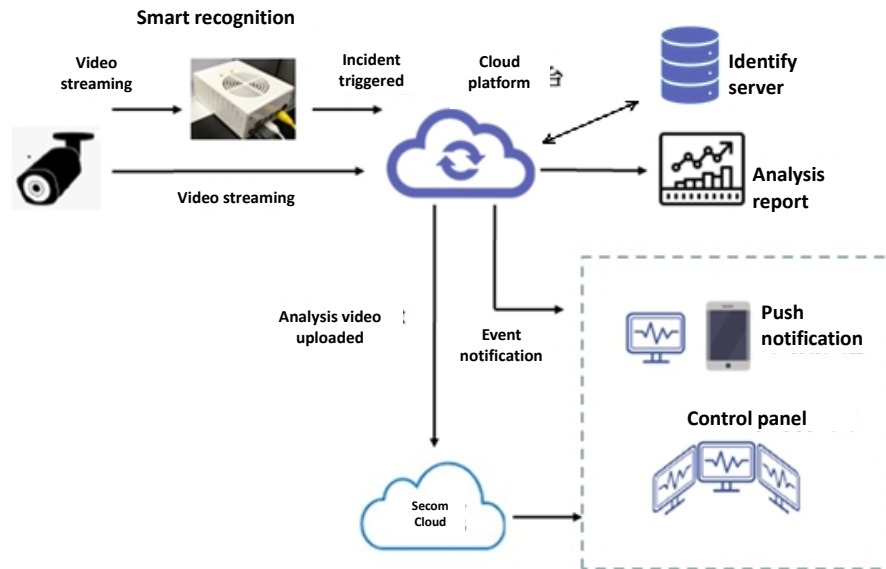
## II. Development of cloud AI smart image analysis platform

Since less than 1% of all recorded images need attention, image analysis has always been a key function for which the security industry actively develops. Extracting the necessary clips and important images relies on the human-centered recognition technology in the analysis platform to screen out important information from the huge torrent of images. With the introduction of the concept of smart security today, using the recognition image technology for analysis, improving the shortcomings of the conventional alarms, and making up for the efficiency of human processing will be important topics in the future.

Taiwan Secom applies the development and introduction of edge computing to reinforce the intrusion detection system of the original My Vita, and then uses the analysis in the image recognition platform to filter out various signals. Besides effectively reducing false alarm messages and personnel burden, it enables the continuous learning of the recognition platform. The distribution analysis of alarm types can prevent possible events in advance, achieving the effect of prevention better than cure in terms of smart

security.

The main functions and features in the system architecture diagram are shown as follows:



#### System architecture diagram

##### (1) Filtering false alarms

Filter false alarms. Compared with other intrusion detection sensors such as using infrared and laser, it can effectively exclude false alarms caused by obstruction of unknown objects.

##### (2) Unrestricted front-end imaging device

Support different types of front-end equipment. Through simple merge of images, quickly use recognition application to fully analyze data.

##### (3) Diverse recognition options

With the strong hardware performance of the back-end server, more types of recognition can be performed, which makes up for the deficiencies of front-end recognition, and performs multiple recognition and screening.

##### (4) Lower transmission limit

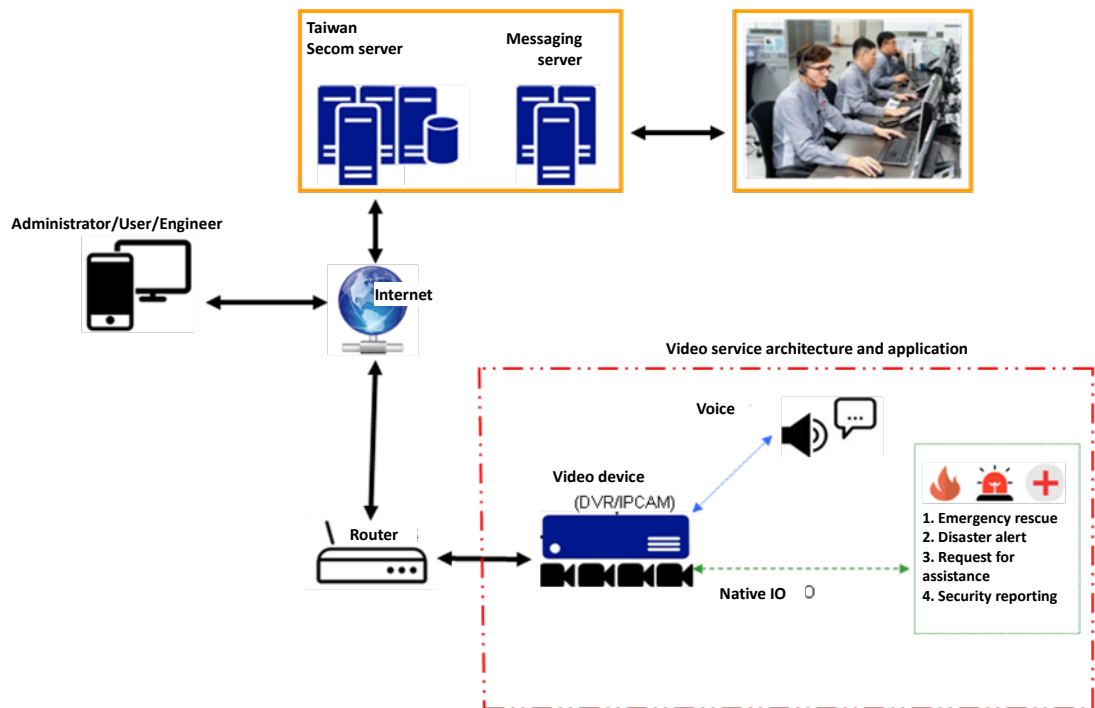
Leveraging the front-end recognition feature to recognize a large amount of image information in the front-end devices and only transmit the image clip of the target object, so that can greatly reduce the transmission bandwidth requirement and enhance the timeliness of alarms.

##### (5) Statistical analysis of events

By analyzing the frequency and continuous impact of various recognition types and times of batches, determine the causes and recurrence, which help users understand and eliminate problems and propose preventive measures.

### III. Development of CareView smart video management system

The application of video surveillance products in various fields has become quite mature. The traditional functions include real-time video, video playback, and event review. However, whenever an event occurs, it can be time-consuming to review the videos one by one, making the approach not too smart. With the rapid development of network technology, research and development efforts were put in this year to complete the development of a smart video management system. The architecture diagram of this system is as follows. It operates in combination with the mobile App, and also integrates the use of multiple functions such as emergency help, disaster prevention alarm, assistance request and automatic scheduling to provide customers with highly safe, fast and convenient smart services, including:



System architecture diagram

(1) Real-time CCTV monitoring, event recording or video playback.

- Besides viewing the videos at the site of the main unit, customers can use the mobile App to monitor real-time video, event recordings or search for video playback, and it supports multi-person monitoring and operation at the same time.
- Users can decide whether to share videos with other users. They can edit the shared screens, and the shared screenshots can be obtained from different main units.
- When a video is played back, abnormal images can be manually marked as event reminders, and the operation records and video data are kept in a safe cloud computer room.
- Whenever an event occurs, the event video data is stored in the main units and backed up to the cloud computer room immediately, which is convenient for users to extract in the future.

(2) Integrate a variety of digital output equipment, control and receive equipment actions and signals through general I/O signals.

- All contacts are integrated, so that they can be matched with different signal control and receiving equipment, such as emergency buttons, fire detection sensors and anti-theft sensors.
- Immediately upload signals for big data storage and analysis after the above equipment operates.
- Integrate with the rolling steel door controller and the video screen. Users must be seen first to operate the App to open or close the rolling steel door, which greatly reduces the probability of accidents.

(3) Simplify scheduling.

- Action scenarios and implementation schedules can be set separately.
- Actions and trips can be paired up in various formats, and settings can be reused in different schedules.
- When an alarm occurs, it can trigger other equipment to link.

(4) Voice

- Users can edit the content of voice playback.
- Users can customize the schedule, designate specific times or repeat the playback of voice audio.

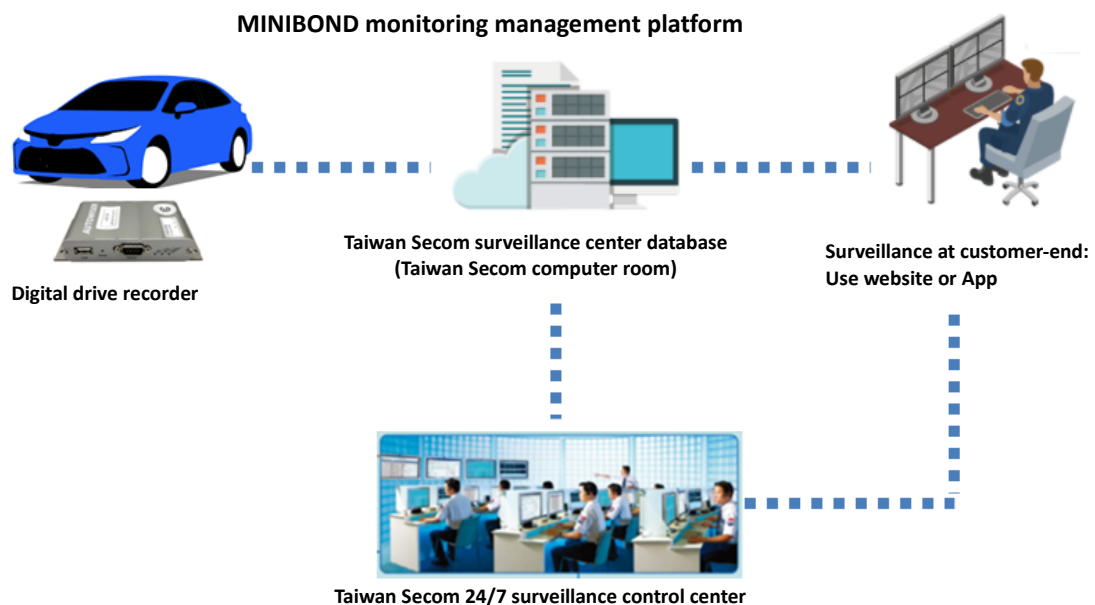
(5) Dispatch

- If the user needs someone for assistance, press the function button in the App to request dispatch. After confirmation by the Company's control center, personnel will be dispatched to the scene to offer assistance.

#### IV. Development of MiniBond Digital Drive Recorder and Platform

In order to clarify the responsibility of parties involved in vehicle accidents which have become an everyday occurrence, drive recorders have become an indispensable and important tool for drivers. Besides, in response to the government reinforcing the management of driver identification and driver work hours and introducing laws requiring newer large vehicles to equip digital drive recorders to comply with the Vehicle Safety Inspection Standards, digital drive recorders are now included as one of the items in the application for new license plates for vehicles and regular inspection. Drive recorders have replaced the traditional tachograph chart paper to overcome the negligence of forgetting to replace paper. Data is digitally stored in the recorders and cloud computer room to ensure that the data is not lost and can be conveniently accessed through the USB port of the recorders or immediately viewed online.

Taiwan Secom has developed a digital drive recorder platform system, and the system architecture diagram is shown as follows. This system integrates the drive recorder equipment that meets the regulations, and the cloud can store one year of data, resolving the problem of data storage in a paper-based operating environment.



System architecture diagram

The back-end fleet management system can meet users' needs by integrating the functions of digital drive recorders. The main components of the system are shown as follows:

- (1) Drive recorder (terminal equipment): Installed on vehicles to provide relevant data such as the positioning, vehicle speed, etc.
- (2) MiniBond monitoring management platform: In addition to the GPS fleet management function, MiniBond has added a digital pie report that complies with regulations, and vehicle speed, mileage, and rotational speed graphs, which are superior to other peers in the industry and more conducive to fleet management. The

addition of a rotational speed graph enables the fleet administrator to under and analyze whether drivers have abnormal driving behaviors. The GPS satellite technology can transmit the real-time actions of vehicles which are labeled in different colors on the management interface, whether they are driving normally, speeding, idling or losing contact. These measures enable administrators to easily and intuitively identify vehicle status. Administrators can customize the time interval, and know the current state of vehicles such as longitude and latitude, speed and rotational speed, and the driving trajectory of the vehicles. The driver dispatch table offers the departure and return time, driving speed, time of shut-off, accumulated mileage and other data, so that administrators can obtain the information at any time to know the fleet status and achieve the purpose of management.

- (3) Integrated with Taiwan Secom's 24/7 control center, MiniBond implements all-weather monitoring. In the event of abnormal signals such as power disconnection, the digital units will upload them to the Taiwan Secom control center immediately, and simultaneously notify the customers. The customers can also report their problems to the Taiwan Secom control center, which contact the after-sales service unit to handle subsequent issues reported by the customers.
- (4) Client-end monitoring: Customers can connect to the MiniBond monitoring management platform through the website or App, and administrators can know the immediate status of the fleet.

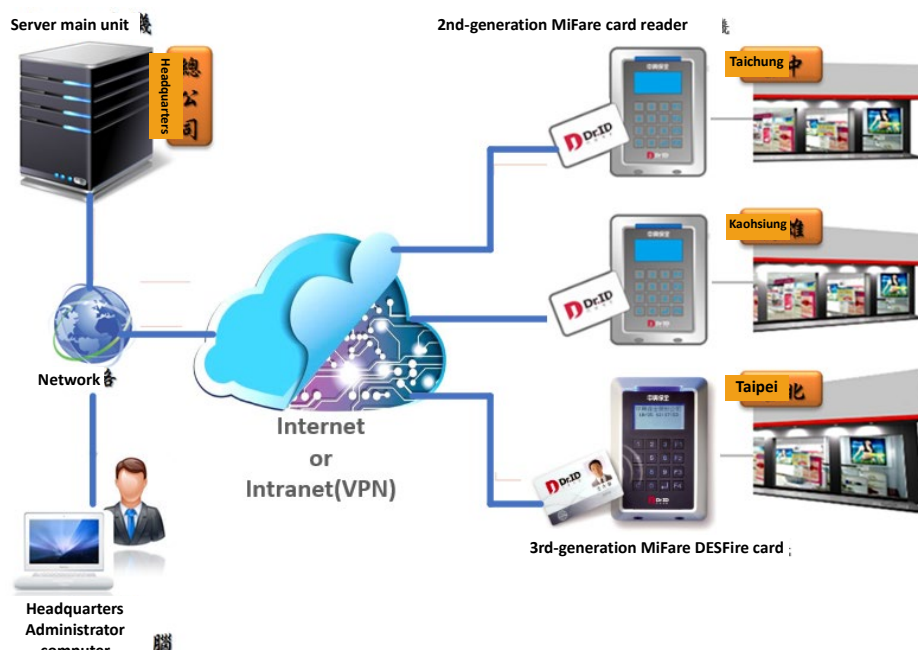
## V. Development of DESFire card reader

In the past ten or so years, the popular use of MiFare cards and the adoption of the stored-value cards have attracted the attention of those who want to tamper with the cards. There have been many incidents of tampering attacks on card data around the world. The academic community also has published many technical documents and discussions related to the reverse engineering of MiFare, all showing that the MiFare cards currently used in the market do not guarantee the security of data included.

Taking card issuers that issue stored-value cards as an example, in order to block the data on cards based on the MiFare technology from being tampered, card issuers adopt the back-end management platform inspection for data collection and link up all card readers and stored-value machines supporting the cards to regularly check if the stored value matches with the recorded value in the machines. Even with such a huge verification system, it is difficult to completely eliminate the risk of cards being stolen or the value being tampered with.

The MiFare DESFire advanced encryption technology has been applied to the market with higher information security level requirements in recent years. The cards provided with this technology enable users to define the storage format of the data in the cards, and have multiple authentication structures. The length can reach 256-bit AES (Advanced Encryption Standard) encryption, which greatly improves the security of data storage in the card and reduces the risk of data being stolen during the exchange process. The new specifications speed up the communication speed of NFC data exchange, and even if the amount of data increases, it will not prolong the time needed for reading and writing data.

In order to reduce the above risks, Taiwan Secom has developed a new generation of card readers that support MiFare DESFire EV2. The reader is compatible with the MiFare Classic cards currently in use. When the customers need to expand the service points of card swiping machines, there is no need to replace the card held by the existing users, as the new generation of card readers can read them. If customers want to improve the security level of the card, the new users can also choose to use the MiFare DESFire card. The old and new cards can coexist in the same system, which greatly reduces the difficulty and inconvenience of customers' system upgrades and conversion.



System architecture diagram

Taiwan Secom has a large number of customers who have diverse uses for their cards. There are large-scale chain clients who have their users nationwide, and the personnel access control or attendance information is sent back in real-time through the companies' dedicated VPN. In order to manage a large number of employees and prevent people from duplicating cards for swiping for others, the DESFire technology is undoubtedly the best choice for security control.

The Company also has clients in the buildings construction business who need to manage multiple construction sites at the same time, and each construction site has new sub-contractors who apply for access every day. Using the user-defined reading and writing functions of DESFire for card data, coupled with the constant update of personnel data in the back-end, the card data can be controlled and managed by region, further preventing cross-regional use and construction personnel from borrowing cards, which can accurately control the access of personnel from all vendors. If there is an urgent need to evacuate personnel, the system can also ensure the correctness of the number and identity of personnel.

#### 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	Development of MiniBond video tracker cloud storage architecture
2	Development of MiniBond BAC tester and platform
3	Development of MiniBond ADAS and DMS integration
4	Development of cloud intercom App and electronic locks integration
5	Development of AI smart imaging equipment and cloud analysis integration
6	Development of My Vita and cloud map control management platform integration
7	Development of integration of My Vita and electrostatic treatment reporter for oil pollution

8	Development of My Vita and life rhythm detection integration
9	Development of My Vita and image cloud storage integration
10	Development of My Vita and cloud intercom integration
11	Development of My Vita and various new types of sensors integration
12	Development of access control and door intercom integration

## 1. IoT Security Control System

### (1) Short-term business development plan

- In response to the trends of the COVID-19 pandemic and technological development, product market development strategies focus on the design of contactless management models, such as unmanned parking lots, unmanned factories and offices/communities, Face-shape Recognition and Attendance System, thermometers, elevator floor control, etc. to meet market trends and expectations.
- 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.
- Establish the Group's reporting platform to visualize the progress so as to improve employees' willingness to file reports, further vitalizing the business.
- Participate in large domestic exhibitions, such as Smart Cities, 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.

### (2) Long-term business development plans

- In order to precisely analyze any opportunity in the customer journey, the Group introduces the use of Salesforce CRM system in phases and sets up a dedicated unit to explore new business opportunities with new business perspectives and development tools, and makes good use of key information with the map information system to gain market opportunities.
- Identify high-value customer groups through big data analysis, further differentiate customer segments, develop and plan additional services required by each customer group, and use data-based methods for customer relationship management, hoping to increase each customer's output value contributing to the revenue.
- Continue to focus on "Wireless connection. Cloud analysis", expand the customer experience, break away from the thinking of doing it all alone, and find more smart solution developers and brand owners, so that the diverse products can be incorporated into the My Vita product ecosystem, providing customers with more smart control options.

## 2. Digital Surveillance System

### (1) Short-term business development plan

- Integrate equipment from suppliers who are also leaders in their respective industries. Use the video management platform developed in-house by Taiwan Secom and focus on meeting the needs of consumers to integrate a set of monitoring systems that make store management and user operations simple and quick. With comprehensive logistics services, the systems create Secom's advantages in the surveillance system industry to improve the overall profit.

### (2) Long-term business development plans

- Systematically and visually present meaningful information out of the different



sources of data collected from the integrated system platforms, so that it can facilitate management, analysis and decision-making, and can be linked to control to improve the overall operational efficiency. Provide integrated information and monitoring functions, including at least information early warning monitoring, real-time information monitoring, alarm information monitoring, and event handling monitoring. Internally, it can assist relevant personnel in operation monitoring, smart governance and decision-making, and, externally, it can be used as a channel for disclosure of operations and performance data, and at the same time promote the exchange and utilization of urban data.

### 3. Web-Based Video Intercom System

#### (1) Short-term business development plan

- Collaborate with suppliers who are also leaders in their respective industries. Use the central surveillance and property management platform developed in-house by Taiwan Secom and focus on meeting the needs of consumers to integrate a set of monitoring systems that make community management and resident operations simple and quick. With comprehensive logistics services, the systems create Secom's advantages in the weak current surveillance industry to improve the revenue and profit.

#### (2) Long-term business development plans

- Develop a set of smart management platforms that meet the indicators of smart homes, which can integrate security, monitoring, access control, intercom, property management and other subsystems, and achieve community management, maintenance, convenience, simple operation and low operating cost in one single platform.

### 4. Satellite Positioning and Search Service

#### (1) Short-term business development plan

- MiniBond Car fleet positioning and management platform and App functions optimization
- Revision and optimization of the Refuse Collection All Access App.
- Management and establishment of MiniBond video tracker cloud storage

#### (2) Long-term business development plans

- MiniBond Car positioning integrating with ADAS
- Development of DMS and LDWS.
- MiniBond Car fleet positioning integrating with alcohol detection and physiological measurement services.

### 5. Fire Prevention System

#### (1) Short-term business development plan

- With the demand for IDC computer rooms and social housing construction steadily growing, the Company has actively participated in the construction of various projects.

#### (2) Long-term business development plans

- Actively participate in the planning and design of various engineering projects in order to achieve the improvement of fire protection construction.

### 6. Cloud Access Control and Attendance System

#### (1) Short-term business development plan

- Develop an App for the web access control system. The system has not had any App function for more than ten years since its release. It is expected that the new



development will make it more friendly to the market.

- The browser of the web access control system currently only supports IE, and development is needed for it to support multiple browsers.
- Hacker attacks have been heating up. The related access control software requires integration (backup mechanism, load balancer and firewall) to prevent hacker intrusion.

(2) Long-term business development plans

- Achieve one-stop marketing for products, incorporate a HR personnel salary system (Access control → Attendance → Salary) into the system.

## 7. Cloud POS Store Management System

(1) Short-term business development plan

- Divide stores in the market into three categories, single retail store, regional chain and large chain. Introduce different products and sales plans to meet different needs. For single retail stores, the main development direction (which originally do not use POS, such as breakfast shops, lunch box shops) focuses on taking orders through the App. The plan enriches POS and App marketing and integration to relieve stores' common pain points and add revenue to quickly scale up products in the market.

(2) Long-term business development plans

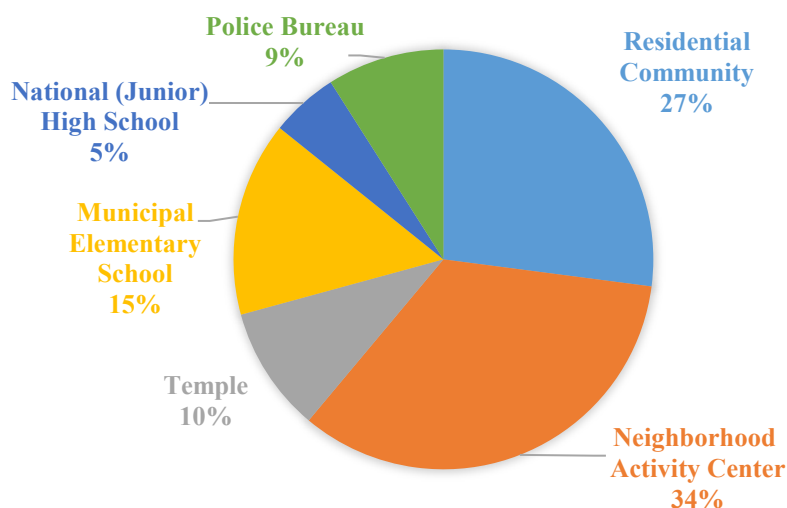
- Chain stores and multi-store POS systems are integrated bottom-up with the ERP management system. Offer equipment and server outright purchase and maintenance contracts to meet the needs of multi-store restaurants, and integrate the supply chain to enable stores to complete management of accounting, sales and marketing and raw materials, which will increase the Company's revenue.

## 8. AED Life Security Integration Service

(1) Short-term business development plan

- Expand into new markets and customer base:
- (1-1) It is expected that there will be new regulations for the installation of automated external defibrillators (AEDs). The Department of Medical Affairs of the Ministry of Health and Welfare stated that in the past, AEDs had been deployed to eight main types of public spaces that have large crowds. In the first half of 2022, the plan will be expanded to include neighborhood activity centers, temples and primary and secondary schools in communities.

(1-2) Estimated new market share:



(2) Long-term business development plans

- Propose that the Ministry of Health and Welfare amends the law to expand public installation AEDs, and call on enterprises to actively donate AEDs to remote areas, hoping to jointly protect people's lives and safety through public-private collaboration and cross-domain integration.
- Besides expanding the installation of AEDs in public spaces, propose an improvement to the installation density in the vertical direction by having one machine for every three floors in government agencies, shopping malls, offices, etc., and that first aid should be set up in large sporting, exhibition or gathering events if the number of participants reaches 1,000.
- Considering the increase in locations of installation and crowd flows in such venues, the need for complete 90-minute AED+CPR training sessions, and the frequency of training sessions for the same organization may increase. In the future, the training team of Leeway will certainly expand. Employees are encouraged to participate in professional certification tests to improve their professional quality.

9. Property Management System

(1) Short-term business development plan

- Expand into vendors that provide home life services.
- Support government agencies in managing social housing lease areas.
- Complete Taiwan Secom Good Life App reward point system.
- Expand the area of landlord-tenant leases.
- Interface with more IoT-oriented functions.
- Management fee for collecting rent

(2) Long-term business development plans

- Complete ecosystem.
- Support signal monitoring of buildings and equipment
- Support business office functions.
- Pet/Elderly/Children care services.
- More cash flow applications.

10. New Retail E-commerce Service

(1) Short-term business development plan

- Commit resources to developing market-specific products or services (including in-house brands).
- Incorporate product recommendations and marketing tools, and the goal is to extend the time customers stay in the website, make product visibility higher and improve the order conversion rate.

(2) Long-term business development plans

- Strengthen collaborative relationships with suppliers to obtain price and cost advantages and stabilize supply.
- Cultivate current members, develop potential customers and establish a customer lifetime value model.
- As technology evolves and consumers value experience more, continue to optimize and introduce more services and functions to enhance stickiness and conversion rate.

11. Network Information Security Service

(1) Short-term business development plan

- Based on the Company's protection of customers' information security, promote UTM Secom Internet Sentry Information Security Service, a complete set of

integrated services to provide security solutions for small and medium-sized enterprises. Whether it is a network firewall, IPS, gateway antivirus, web guard, etc., the solution will enable customers to easily build a safe and virus-free environment to reduce economic losses.

(2) Long-term business development plans

- The impact of the global pandemic has resulted in enterprises adopting remote working on a large scale, which also increases network security risks. The advent of the 5G, IoT and cloud era and various cloud applications have required more emphasis on endpoint protection in addition to the existing information security protection. We also expect to develop more customer-oriented services, such as security-as-a-service (SECaaS), endpoint security (such as anti-virus, identity authentication and access management, encryption, etc.), network and web security, so that customers can obtain various services based on their needs to make their information security defense more robust.

## 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, Republic of China.

(2) Market share:

The traditional security service industry is in perfect 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 in 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, overlooking 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 individuals 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. IoT Security Control System

#### (1) Favorable factors:

- 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.
- 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.
- 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.
- The Company, as a TWSE-listed company, has the strong financial system and sufficient resources to invest in innovative services.
- 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 and countermeasures

- The relatively stable public security environment has prompted citizens to slow down their "anti-theft" needs. Also, due to the risks associated with the pandemic, the side effects of vaccination, and the aging of the population, consumer demand for "in-home health risk management" has become more significant. The development strategies of new products focus on the monitoring of personal security status and the comfort and convenience brought by automation.
- In order to facilitate good interactive relationships with home customers, grasp the latest dynamic information of family members and feedback on product use information, and stay optimistic about the future growth potential of communities, the Home System Department has established a dedicated e-sales customer service department to engage in in-depth development.
- 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. In order to retain talents and cultivate management trainees, a dual-track system is promoted to divide career advancement into sales specialization and management professionals, including a talent referral program.
- The Group holds internal innovation proposal competition from time to time to encourage all employees across the Group to create new ideas and start up 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.

## 2. Digital Surveillance System

### (1) Favorable factors:

- Monitoring systems have already become a fairly mature product in the market in Taiwan. Most consumers can accept new technologies and functions, which is beneficial for the monitoring system industry to innovate and continuously develop new products. The brand of Taiwan Secom has a long history, and the Company has been committed to building a brand reputation to earn strong market recognition.

### (2) Unfavorable factors and countermeasures

- Besides the monitoring system manufacturers and SI vendors continuing to develop new products, more businesses that are not in the monitoring business, such as telecom operators and broadband network operators, have also joined the competition in selling monitoring systems. The DIY market also has matured, creating another competition for product sales.
- Reinforce the integration of products of various manufacturers, and use the advantages of logistics service manpower and service locations to develop the market.

## 3. Web-Based Video Intercom System

### (1) Favorable factors:

- Most business owners in Taiwan have developed an awareness of smart buildings and can accept new technologies and functions, which is beneficial for the video intercom industry to innovate and continuously develop new products. The brand of Taiwan Secom has a long history, and the Company has been committed to building a brand reputation to earn strong market recognition.

### (2) Unfavorable factors and countermeasures

- Many companies in the industry, making the competition fierce. Construction project owners tend to seek sub-contractors at low prices. More efforts would be needed to earn the trust of those project owners.

## 4. Satellite Positioning and Search Service

### (1) Favorable factors:

- The Company highly values customer needs. In addition to the integration and continuous optimization of the existing vehicle functions, there are unique 24-hour full-time control center and emergency rescue services, as well as various driving reports, Car Doctor maintenance reports, etc., to strengthen customer management and meet customers' needs.
- Many units are committed to developing and promoting various satellite GPS products to meet the needs of various types of customers, such as video on-board unit management systems for customers who need videos, or GPS on-board units with digital thermometer management for customers who operate in the cold chain, so they can save time and manpower to improve their overall operational efficiency.

### (2) Unfavorable factors and countermeasures

- There are many competitors in the satellite GSP product market. They all innovate on the existing products and spare no effort in meeting the needs of their customers. The Company will have to understand customer needs at all times, find opportunities and make the first move to roll out powerful equipment in the shortest time to keep up with the market trends.
- The competition over sales and services fees is fierce, which causes customers to make decisions purely based on price, which is not conducive to the development of the overall industry.

- In terms of countermeasures, the Company has specialized R&D teams to collect market information at all times and find the best products that can best meet customer needs. We also communicate with other industry peers to grow together so that we can achieve co-prosperity to vitalize the market.

## 5. Fire Prevention System

### (1) Favorable factors:

- With the continuous progress of old buildings renovation, urban renewal and construction of large-scale IDC computer rooms, etc., the demand for fire protection in high-rise buildings and gas fire protection has continued to grow. The growing awareness of disaster prevention has also made the construction of fire safety facilities more robust.

### (2) Unfavorable factors and countermeasures

- There are many domestic fire protection companies, but they tend to be small. These fire protection companies tend to offer regional sales and maintenance services, and mostly compete over price.
- Taiwan Secom's team has rich experience in various types of equipment, software and hardware, and provides diverse services covering planning, design, installation and after-sales phases. The Company also continues to introduce and distribute more eco-friendly and effective fire extinguishing systems to meet the ever-changing demand of various industries.

## 6. Cloud Access Control and Attendance System

### (1) Favorable factors:

- The related software components are all developed and maintained by the Business Division, which can adapt to the rapid changes in the market and meet the market demand.
- The advantageous services (software and hardware) covering all of Taiwan are handled by the frontline personnel of the technical customer service department. They directly visit job sites to resolve problems in a timely manner, and customer first is their motto. customers first

### (2) Unfavorable factors and countermeasures

- At present, biotechnology products (face recognition machines) made in China cannot develop the market of government agencies. Need to find products that are not made in China to re-enter the channel of government agencies.
- There are currently no products for the HR systems. All card swiping data needs to interface with other HR system platforms. Large clients do not have control, making them at risk of being replaced.
- In 2022, we will conduct a full search of HR systems and quickly launch projects to develop a HR salary system to effectively provide one-stop services to retain clients.

## 7. Access Control and Attendance System

### (1) Favorable factors:

- Most of the products on the market offer a single function and charge a fee. MyBiz will integrate the functions required for operating stores and provide complete services to the stores.

### (2) Unfavorable factors and countermeasures

- There is a rich selection of startup platforms and Apps, and the integration speed will be the key. The Company will establish a software department to speed up the integration and development of functions.

## 8. AED Life Security Integration Service

(1) Favorable factors:

- The industry, government, medical community, academia and research institutes all support the promotion of AEDs in public spaces.
- Besides the joint support of AEDs, government regulations have stated that the installation of AEDs in establishments will increase, and the growth is expected for the benefit of the public.
- People's awareness of safety has grown over the years, and they have grown their expectation of service quality of first aid, which is helpful for the deployment and training of AEDs in public spaces.

(2) Unfavorable factors and countermeasures

- The shortage of components and parts has caused chaos in the supply chain of the medical equipment industry, and the supply failure of the original manufacturers will affect the internal sales strategy, after-sales service and commitment to customers. When formulating internal sales strategies, the variable of delayed shipments should be included in the formulation of countermeasures. Increase the number of safety stocks, shorten the delivery time, and increase the number of controllable machines.
- The sudden outbreak of the novel coronavirus pandemic had affected global freight transportation. The shipping time from the original manufacturers of AEDs and the delivery time are no longer predictable. Keep close contact with the original manufacturers, keep track of the manufacturing status and record the increased time of transportation, and make rolling adjustments to purchase frequency and quantity.

## 9. Property Management System

(1) Favorable factors:

- The quality of good citizens has improved, and people have grown more accustomed to using mobile phones for community management. The use of a point reward system is becoming easier, so no further education is needed.
- The popularity of delivery services has made general users more accustomed to using mobile phones (mobile devices) to run various chores.
- The digitization of service providers has improved, which is conducive to system connection.
- The demand for cash flow services has continued to increase.

(2) Unfavorable factors and countermeasures

- The time taken for communities to sign is too long. Added services with better value for money will be provided, and the contract signing process will be shortened.
- Competitors mostly compete on price. In order to avoid a price war, we continue to collaborate with partners from other industries to jointly develop and explore new services needed by communities.

## 10. New Retail E-commerce Service

(1) Favorable factors:

- Consumers are more willing to conduct shopping through websites.
- Technologies such as digital tools and platforms and cash flow services are more mature.
- There are many e-commerce operators and the market is active, which means that it is easy to learn from one another, further reducing the cost of market entry and learning curve.

(2) Unfavorable factors and countermeasures

- There are many competitors and the product homogeneity is high. It is necessary to find niche products and services to enter the market.

- Costs increase every year, and consumers still prefer the good value for money approach and are price-conscious. The barriers to e-commerce operations are getting higher.
- Consumers now highly value experience in online shopping, and e-commerce services need to be more attentive to their needs.
- E-commerce operations are not labor-intensive. Invest in digital tools to make manpower focus on marketing planning and data analysis, so that consumers' online footprint can be converted to revenue through digital marketing.

#### 11. Network Information Security Service

##### (1) Favorable factors:

- The Company has a professional information security team that is always aware of the latest trends in various information security threats. Whether it is malware, phishing, ransomware or IoT vulnerabilities, etc., the team provides customers with comprehensive solutions from endpoint security to cloud security, preventing invisible threats and offering solutions to create a virus-free environment for customers.
- Tailor-made solutions for small and medium-sized enterprises, families or individuals, so they no longer have to find other information engineers, which can be time-consuming and take a lot of effort.
- 24/7 service center to solve customers' problems when they encounter information security issues.

##### (2) Unfavorable factors and countermeasures

- From upstream to downstream, system integration and support services have grown quickly. The industry, government and academia all have committed themselves to information security issues, and there are many companies offering different solutions, making the competition fierce.
- In the waves of fierce competition, the Company has spared no effort in the research of information security products, and exchanging information with the government and industry peers for co-prosperity, hoping to completely eliminate the threats.

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

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

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



### 5-2-6 Sales volume and value over the past two years:

Unit: NT\$ thousand

Items \ Year	2021				2020			
	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	-	6,767,455	-	-	-	6,635,832	-	-
Income from static guard service	-	2,326,606	-	-	-	2,280,110	-	-
Income from cash-in-transit service	-	1,163,160	-	-	-	1,100,163	-	-
Income from logistics service	-	1,106,245	-	-	-	999,392	-	-
Other operating Income	-	2,771,431	-	-	-	2,690,868	-	-
Total	-	14,134,897	-	-	-	13,706,365	-	-

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

Year		2020	2021	As of March 31, 2022
Number of employees	Salespersons	523	495	490
	Service Engineers	4460	4524	4509
	Manager	338	316	330
	Technicians	860	851	831
	R&D Engineers	81	80	83
	Others	2836	2772	2815
	Total	9098	9038	9058
Average age		41.03	41.65	41.40
Average year of service		6.57	6.70	6.40
Academic qualification Degree distribution ratio%	Ph.D.	0.00	0.00	0.00
	Master's	8.71	8.22	7.60
	Bachelor's	54.34	55.84	57.68
	High School	31.70	31.07	29.42
	Lower Schools	5.25	4.87	5.30

\* Source: Secom's internal data (including subsidiaries)

### 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 (2021), the Company donated a total of NT\$23,221 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 Employee welfare measures:

#### 1. Company:

- (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. On-site health services and promotional events are also held from time to time. The technology building in Neihu offers professional massage services.
- (5) Provide transportation allowances and dormitories (free) for personnel dispatched to other locations to help reduce their financial burden, further protecting their stability.

Employee dormitory	Number of rooms	Number of people they can accommodate	Actual number of people	Utilization rate
2021	182	305	206	67.54%

#### 2. Employee welfare committee:

- (1) Gifts/vouchers for birthday and three national festival holidays: 9,438 people, for a total of NT\$10,143,645.
- (2) Subsidies for wedding, childbirth, hospitalization, funeral and retirement: 296 people, for a total of NT\$5,554,733.
- (3) Emergency relief loan: 1 person, for a total of NT\$41,100.
- (4) Group medical insurance: 319 people filed claims, for a total of NT\$8,946,732.
- (5) Scholarship and stipends for employees and their children: 1,070 people, for a total of NT\$1,796,000.
- (6) Subsidies for social activities: 1 person for a total of NT\$20,000.

### 5-2-2 Retirement system: The Company allocates the old pension reserve funds to the statutory pension trust fund account of the Bank of Taiwan and pays the new pension funds to the employee reserve funds according to the law every month.

There were 34 employees eligible for retirement for the year (total payment of NT\$88,247,137).

In 2020 and 2021, the expenses recognized for the defined-contribution plan were NT\$233,335 (thousand) and NT\$220,821 (thousand), respectively.

Employee retirement system	Retirement allocation as a percentage of salary
Labor Standards Act Old pension system	Employer: Allocate monthly an amount equal to 5.5% of employees' monthly salaries and wages to a retirement trust fund at the Bank of Taiwan.
Labor Pension Act new pension system	Employer: Allocate monthly an amount equal to 6% of employees' monthly salaries and wages to employees' personal

Employee retirement system	Retirement allocation as a percentage of salary
	<p>pension account in the Bureau of Labor Insurance on a monthly basis.</p> <p>Labor: If employees voluntarily contribute, the amount will be deducted from the employee's monthly salary according to the contribution rate to the employees' personal pension account in the Bureau of Labor Insurance.</p> <p>*At present, the allocation is conducted according to the regulations.</p>

**1. The applicable regulations of the Company under the Labor Standards Act are as follows:**

[Voluntary-retirement] Employees who meet one of the following conditions may apply for voluntary retirement and choose to be covered by the Labor Pension Act in accordance with the provisions of the same Act:

- (1) If the employee has worked for at least fifteen years and has reached the age of fifty-five.
- (2) If the employee has worked for more than 25 years.
- (3) If the employee has worked for at least 10 years and has reached the age of 60.

[Mandatory retirement] The Company shall not compel an employee to retire unless he/she meets one of the following conditions:

- (1) The employee has reached the age of sixty-five.
- (2) The employee is mentally or physically incapacitated for work.

For positions with special characteristics such as dangerous jobs or those requiring strong physical strength, the Company may request approval from the central competent authority to adjust the age specified in the first paragraph of the preceding paragraph. But not less than fifty-five years old.

**2. Criteria for retirement pension benefits:**

- (1) The pension benefit standards for employees with working experience before and after the application of the Labor Standards Act and in accordance with the Labor Pension Act who choose to continue to be subject to the pension provisions of the Labor Standards Act or to retain their working experience before the application of the Labor Pension Act shall be calculated in accordance with Article 84-2 and Article 55 of the Labor Standards Act.
- (2) For employees with the years of service mentioned in the preceding paragraph who are compulsorily retired under Article 35, paragraph 1(2), and whose mental or physical disability is attributed to their performance of work duties, an additional 20% shall be paid in accordance with Article 55, paragraph 1(2) of the Labor Standards Act.
- (3) For employees subject to the pension provisions of the Labor Pension Act, the Company shall make monthly contributions of 6% of their wages to their individual pension accounts.

**3. Payment of Pension Benefits:** The Company shall pay the employees' pensions within 30 days from the date of retirement.

### 5-5-3 Human resource management:

1. Employee complaint channel: Establish an internal employee complaint channel to resolve labor disputes.
2. Employee-employer communication: No labor disputes during the year. Regular labor-employer meetings are held to communicate opinions, and the meetings are held from time to time as necessary.
3. The Company employed disabled (21 people) and indigenous (29 people) employees in accordance with the law, and implemented measures such as pregnancy checkup leave (24 people), maternity leave (7 people), paternity leave (78 people), family care leave (106 people), and parental leave without pay (12 people, 4 male/8 female) in accordance with relevant laws and regulations. The headquarters, branches and subsidiaries have nursing rooms that value privacy and security, and a total of 275 people have used the rooms. The Company has signed contracts with 2 childcare institutions to provide employees with more favorable and safe childcare services.
4. Measures to maintain employee workplace safety, hygiene and health:
  - (1) Access control security: Security and access control systems are installed, and a monitoring system network is set up in each area. The building management committee also employs security guards at the entrance of the building and the driveway to assist the access to ensure the safety of employees and properties.
  - (2) Indoor environmental protection measures: Regularly implement audit and testing of equipment maintenance, and set up fire alarms in various areas of the office.
  - (3) Occupational safety and health policy:

[Abide by laws and regulations. Value commitments]

Follow national occupational safety and health laws and regulations and the requirements of customers and their related groups. Respect the requirements of relevant stakeholders for occupational safety and health, strengthen health promotion, and promote a people-oriented safety and health culture.

[Disaster prevention. Maintain environment]

Adopt the mindset of disaster prevention and use proper management tools and available resources to establish and implement safety and health management plans. Compile relevant occupational safety and health issues to realize a culture of safety, risk management and creation of a zero-hazard environment.

[Performance appraisal. Risk control]

Establish quantitative indicators. Expand occupational safety and health activities to affiliated company' products and related services. Improve overall occupational safety and health performance. Effectively control risks.

[Self-management. Continuous improvement]

All employees participate in occupational safety and health activities, jointly maintain a healthy workplace, and adhere to the principle of continuous improvement.

### **Labor work environment**

Monitor the actual work environment of all employees in the workplace. Currently, the operations are not exposed to harmful substances (organic solvents, specialization, dust). They do not include special health hazard activities (high temperature, noise, ionizing radiation, abnormal air pressure, lead, etc.) For special operations, such as night-shift workers, etc., health checks and health risk status assessments are continuously carried out, and doctors and nurses provide follow-up on-site health services. In order to protect all employees from the hazards in the workplace and provide them with a healthy and comfortable work environment, environmental monitoring of illuminance at the head office is carried out every year.

### **Occupational safety and health audit**

The Company has set up an Occupational Safety and Health Committee and established four major occupational safety and health plans, including human factors, abnormal workload, workplace violence, and maternity protection. The Head of Chief Executive Officer serves as the executive committee member. The Committee discusses improvement plans in response to the promotion progress of each plan and the incidents of occupational hazards.

Occupational safety and health audit	
Safety and health committee	Meet once a quarter and conduct audit once a year
Company's audit units	Conduct audits from time to time every year
Occupational safety and health administrator	Conduct audits from time to time every year
Management by walking around adopted by on-site administrative supervisors	Once a month
Patrol inspection of contractors at job sites	Subject to the rules of the job sites and project owners of the sites

#### **Equipment safety management**

The Company's construction involves the use of dangerous machinery (fixed cranes, mobile cranes, sheerleg cranes, construction lifts, construction hoists, hanging cages) and equipment (boilers, pressure vessels, high-pressure gas containers, high-pressure gas special equipment). In order to ensure the safety of construction, the Company has formulated regulations on the management of hazards of working at heights (Chung-Hsing-Ren-Zi No. 109264 Notice) to implement the notification of hazards of working at heights. The Company also inspects ladders in accordance with the Safety Inspection Key Points for Mobile Ladders and Folding Ladders to make sure that all employees know how to safely use the access equipment to conduct system installation works.

#### **Industrial safety education and training courses in the past three years**

Year	Number of people attending the sessions	Total hours of sessions
2019	758	2274
2020	1038	3114
2021	876	2628

#### **Industrial safety performance in the past three years -- Employee disability and injury statistics**

Year	Number of deaths	Number of days for Injury leave	Amount of consolation subsidy
2019	0	789	25,000
2020	0	624	42,500
2021	0	2121	61,000

2019	Traffic accidents	Falling objects	Other injuries	Total
During performance of duties	8	4	4	16
During commute	2	0	0	2
Total	10	4	4	18
2020	Traffic accidents	Falling objects	Other injuries	Total
During performance of duties	9	4	6	19
During commute	4	0	0	4
Total	13	4	6	23
2021	Traffic accidents	Falling objects	Other injuries	Total
During performance of duties	16	6	7	29
During commute	12	0	0	12
Total	28	6	7	41

Other injuries: Cuts, hits, bites, stabs, guns, falls, choking, sprains, etc.

#### **Occupational safety and health management system**

The internal platform system to carry out occupational safety and health management has not yet obtained the occupational safety and health management system (ISO45001, OHSAS, TOSHMAS) certifications.

5. The Company organized promotion for corporate governance and ethics, including insider trading prevention, procedures for handling material information, and personal information protection and management measures, which also incorporated a 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.

#### **5-5-4 Human Resource Development (HRD)**

1. The Company has established a dedicated Education Training Division, which sets up two large training centers in Yilan and Tamsui, and four specialization classrooms in Taiwan. Senior and outstanding employees work full-time to develop education and training programs to cultivate various functional skills. The Company also commits tens of millions a year to education and training, and the efforts have earned a silver medal from the Talent Quality Management System.
2. The Education Training Division (a total of 15 people, including the head of the division and training personnel) reports to the Vice Chairman's Office. It is responsible for planning and design of teaching, businesses, service mentors, specialized courses and teaching aids, review and revision of capacity examinations, education and training for new hires, on-the-job development for supervisors and other relevant training courses (regional counseling for new hires). The courses include regional and centralized courses.

3. The training structure focuses on seven courses (business, service, management, administration, innovation, education, managerial training, specialized fields). In response to the need for 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, Taiwan Secom New Job Training and Taiwan Secom Growth Camp for new hires in the administrative positions and management assistants, management associates training, senior executives training, continuing education for senior executives (talks and forum sessions with well-known figures, reading clubs, etc.)
4. Each unit implements various on-the-job training (OJT) in branches or management offices to strengthen its staff's skills and abilities. 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) and online audio-video courses to encourage employees to engage in self-development to gain more perspectives and enhance functional capabilities. Continuing education at schools is also recommended.
6. To maintain service quality, the Company conducts skills verification every year to test the technical abilities of service employees to check whether they meet the requirements of various levels, and those who pass the verification will be rewarded with skill bonuses.
7. Establish an Unlimited+ "Planner Function" verification process to check employees' professional planning capability in Unlimited+, and establish an Unlimited+ sales talent database as a reference for formal appointment and promotion.
8. In response to the promotion of the "My Vita" 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 saving and smart security products.
9. In response to the escalation of the coronavirus pandemic, physical classroom courses have been changed to remote courses supplemented by online audio and video resources since 5/17. As the pandemic situation cooled down, small-class teaching in some areas has been resumed since 11/15. Participants are to abide by the name-registering policy, and measure body temperature and wash their hands frequently. Tools and equipment in the classrooms are disinfected daily.
10. In response to the decreasing contact with clients and the need to maintain business growth amid the pandemic, the Company has provided online marketing courses that discuss phone calls for business development and maintaining customer relationships. The course covers ice breakers, questioning and product introduction, handling customer disputes, and practical telephone marketing techniques and conversation to help employees learn new development methods to increase opportunities and improve contract acquisition rates.
11. In response to the frequent occurrence of information security attacks on clients and the need for protection against network security issues, practical courses on network security and packaging analysis are also offered. Engineers are given information security training which covers knowledge and concept of network packaging and uses of practical tools. The implementation improves the services and lays the foundation for the future information security market.
12. We continue to optimize the platform of "Secom Elite School"  
<http://school.secom.com.tw/>
13. In the most recent year and as of the publication date of the annual report, the company has not suffered any losses due to labor disputes.

## 5-6 Cybersecurity Management:

### Information Security Risk Management

#### 1. Purpose and scope of information security:

Applicable to: Information, software and hardware equipment used by employees, clients, suppliers, shareholders and operations.

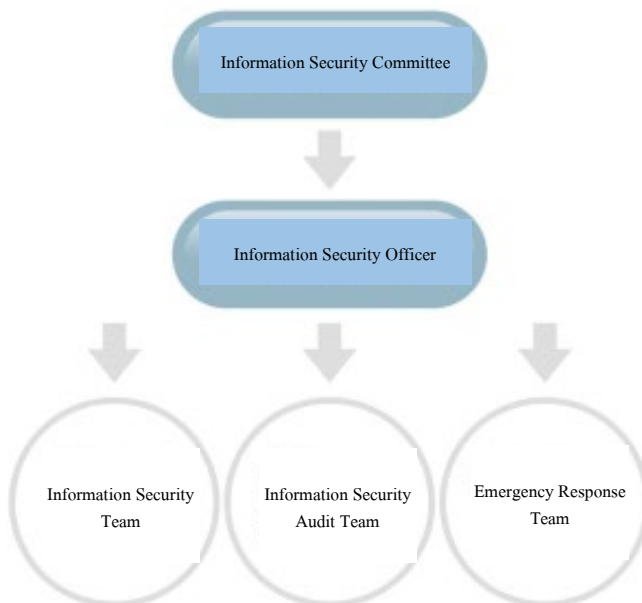
Scope: To ensure the Company's information security, establish relevant rules and regulations and security standards for application technologies and data incorporated into the management and operation system to further protect the privacy and information security maintenance of employees, suppliers and clients during business contacts.

#### 2. [Information security risk framework]:

- The Company's chief of information establishes an inter-departmental information security management task force, and the information and administrative departments are responsible for coordinating and planning relevant procedures for all business units to comply to ensure the effectiveness of the Company's information security management operations.
- The task force is responsible for establishing information security management policies, and reviewing them for revision at least once a year.
- The task force holds regular meetings to review the implementation, and reports the status to the board on a regular basis every year for further review.



Information Security Management Organization



#### 3. [Information security policies and goals]:

- Ensure that the Company's business operations continue to run, and the information services provided can be used in a stable manner.
- Ensure the confidentiality, integrity and availability of the information assets held by the Company, and protect the privacy of customer data.
- Establish a business continuity management and plan for information, and implement activities that meet the requirements of relevant laws or regulations.

#### 4. [Information security control measures]:



- Establish a regular inventory list of information assets, conduct risk management according to information security risk assessment, and implement various control measures.
- The Company regularly conducts information security promotion, and holds information security education and training sessions every year. New hires must sign an information confidentiality agreement.
- All employees of the Company, outsourced contractors and their subcontractors must sign a confidentiality statement to ensure that those who use the Company's information to provide information services or perform related information tasks have the responsibility and obligation to protect the information assets obtained or used and prevent unauthorized access, modification, destruction or improper disclosure.
- Appropriate backup or monitoring measures should be established for important information systems or equipment, and drills should be run regularly to maintain their availability.
- Anti-virus software should be installed on personal computers and the update of the virus patterns should be checked regularly, and the use of unauthorized software should be prohibited.
- The account number, password and authorization of coworkers should be kept and used properly, and the password should be changed regularly.
- Develop standard response and reporting procedures for information security incidents to properly handle such incidents in a timely manner to prevent damage from spreading.
- All personnel should abide by regulatory and information security policy requirements, and supervisors should supervise the implementation of information security compliance systems and strengthen employees' information security awareness and compliance mindset.
- Considering the risk and uncertainty of information security, we have purchased information security insurance policies in 2021 (the year of evaluation).
- In the most recent fiscal year and up to the date of publication of the annual report, Taiwan Secom has not suffered losses due to major information security incidents.

SGS

Certificate TW16/00020

The management system of

**Taiwan SECOM Co., Ltd.**

6F, NO. 139, Cheng Chou Road,  
Taipei 103, Taiwan, R.O.C.

has been assessed and certified as meeting the requirements of

**ISO/IEC 27001: 2013**

For the following activities

The scope of registration appears on page 2 of this certificate.

This certificate is valid from 03 January 2022 until 03 January 2025 and  
remains valid subject to satisfactory surveillance audits.  
Recertification audit due a minimum of 60 days before the expiration date.  
Issue 3. Certified since 03 January 2016

This is a multi-site certification.  
Additional site details are listed on subsequent pages.

Authorised by

SGS United Kingdom Ltd  
Rossmore Business Park Ellesmere Port Cheshire CH65 3EN UK  
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extent of the law.

**Taiwan SECOM Co., Ltd.**

**ISO/IEC 27001: 2013**

Issue 3

Detailed scope

Taiwan SECOM Co., Ltd.  
Provision of operation, maintenance and management activities for  
Data Center and its associated infrastructure, data communication  
networks and information processing facilities in accordance with  
Statement of Applicability version 1.5.

Computer room of SECOM  
This site acts as a main server room

Additional facilities

Computer room of SECOM  
3F, No.111, Ln. 76, Ruiguang Rd., Neihu Dist.,  
Taipei City 114, Taiwan, R.O.C.





# Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that: Goldsun Express & Logistics Co., Ltd.  
No. 26, Hoping St.  
Lu-chu Dist.  
Taoyuan City  
338002  
Taiwan

Holds Certificate No: **IS 755078**

and operates an Information Security Management System which complies with the requirements of ISO/IEC 27001:2013 for the following scope:

The provision of management of WMS system, third-party services, server room operation, and related supporting information processing activities within Lu-chu logistics center.  
This is in accordance with the Statement of Applicability, ISMS-02-09, version 1.0 dated 31 October 2021.

For and on behalf of BSI:

  
Michael Lam - Managing Director Assurance, APAC

Original Registration Date: 2022-04-12  
Latest Revision Date: 2022-04-12

Effective Date: 2022-04-12  
Expiry Date: 2025-04-11

Page: 1 of 2



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Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.  
A Member of the BSI Group of Companies.

Certificate No: **IS 755078**

Location

Goldsun Express & Logistics Co., Ltd.  
No. 26, Hoping St.  
Lu-chu Dist.  
Taoyuan City  
338002  
Taiwan

Registered Activities

The provision of management of WMS system, third-party services, server room operation, and related supporting information processing activities within Lu-chu logistics center.

Original Registration Date: 2022-04-12

Latest Revision Date: 2022-04-12

Effective Date: 2022-04-12

Expiry Date: 2025-04-11

Page: 2 of 2

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## 5-7 Important contracts

Contract nature	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	<p>(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.</p> <p>(2) Signing of various rules concerning intellectual property rights.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>	<p>(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.</p> <p>(2) The intellectual property rights of various signed agreements shall not be used outside the region.</p>

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 Consolidated statement

1. Condensed consolidated balance sheet

Unit: NT\$ thousand

Year		Financial Summary for The Last Five Years				
		2017	2018	2019	2020	2021
Current assets		7,814,033	7,766,130	8,847,137	8,894,062	8,472,607
Property, plants, and equipment		7,222,354	7,016,933	6,761,760	7,067,044	7,178,382
Intangible assets		486,496	430,940	419,227	384,104	362,696
Other assets		5,400,795	5,674,176	6,470,529	6,824,217	7,599,259
Total assets		20,923,678	20,888,179	22,498,653	23,169,427	23,612,944
Current liabilities	Before distribution	7,115,819	7,480,454	8,570,169	6,717,858	6,908,393
	After distribution	8,920,607	9,285,242	10,374,957	8,973,843	9,164,378
Non-current liabilities		3,253,545	2,606,987	2,744,360	4,752,957	4,685,972
Total liabilities	Before distribution	10,369,364	10,087,441	11,314,529	11,470,815	11,594,365
	After distribution	12,174,152	11,892,229	13,119,317	13,726,800	13,850,350
Equity attributable to owners of parent company		10,122,148	10,319,421	10,739,216	11,239,568	11,608,217
Share capital		4,511,971	4,511,971	4,511,971	4,511,971	4,511,971
Capital surplus	Before distribution	691,334	724,912	763,317	813,963	824,811
	After distribution	691,334	724,912	763,317	777,867	824,811
Retained earnings	Before distribution	5,338,810	5,541,725	5,810,983	6,302,407	6,575,176
	After distribution	3,534,022	3,736,937	4,006,195	4,082,518	4,319,191
Other equities		(131,578)	(170,798)	(58,666)	(100,384)	(15,352)
Treasury stock		(288,389)	(288,389)	(288,389)	(288,389)	(288,389)
Non-controlling interests		432,166	481,317	444,908	459,044	410,362
Total equity	Before distribution	10,554,314	10,800,738	11,184,124	11,698,612	12,018,579
	After distribution	8,749,526	8,995,950	9,379,336	9,442,627	9,762,594

## 2. Condensed consolidated statement of comprehensive income

Unit: NT\$ thousand

Items \ Year	Financial Summary for The Last Five Years				
	2017	2018	2019	2020	2021
Operating revenue	13,054,756	13,393,619	13,411,677	13,706,365	14,134,897
Gross profit	4,648,251	4,907,043	4,892,670	5,009,075	5,034,212
Net operating income	2,221,926	2,560,635	2,533,016	2,639,996	2,665,886
Non-operating income and expenses	399,980	(15,860)	145,802	344,962	419,559
Income before income tax	2,621,906	2,544,775	2,678,818	2,984,958	3,085,445
Net income from continuing operations	2,234,540	2,099,135	2,176,779	2,437,228	2,578,885
Net loss from discounting operations	-	-	-	-	-
Net income	2,234,540	2,099,135	2,176,779	2,437,228	2,578,885
Other comprehensive income (net of tax)	(110,803)	(64,144)	53,821	(134,479)	53,245
Total comprehensive income for the period	2,123,737	2,034,991	2,230,600	2,302,749	2,632,130
Net income attributable to shareholders of the parent	2,205,567	2,046,828	2,136,561	2,388,900	2,526,684
Net profit attributable to non-controlling interests	28,973	52,307	40,218	48,328	52,201
Total comprehensive income attributable to shareholders of the parent	2,101,707	1,982,060	2,186,178	2,254,494	2,569,297
Comprehensive income attributable to non-controlling interests	22,030	52,931	44,422	48,255	62,833
Earnings per share (NT\$)	5.00	4.64	4.85	5.42	5.73



## 6-1-2 Standalone statement

## 1. Condensed parent company only balance sheet

Unit: NT\$ thousand

Year		Financial Summary for The Last Five Years				
		2017	2018	2019	2020	2021
Current assets		1,990,918	2,408,678	2,323,049	2,375,812	2,515,585
Property, plants, and equipment		5,185,551	5,023,609	4,856,574	4,782,198	4,774,395
Intangible assets		80,967	73,197	64,428	69,251	66,855
Other assets		10,519,284	10,643,723	11,282,251	11,873,444	12,260,383
Total assets		17,776,720	18,149,207	18,526,302	19,100,705	19,617,218
Current liabilities	Before distribution	4,717,344	5,576,402	5,626,375	4,023,461	4,117,638
	After distribution	6,522,132	7,381,190	7,431,163	6,279,446	6,373,623
Non-current liabilities		2,937,228	2,253,384	2,160,711	3,837,676	3,891,363
Total liabilities	Before distribution	7,654,572	7,829,786	7,787,086	7,861,137	8,009,001
	After distribution	9,459,360	9,634,574	9,591,874	10,117,122	10,264,986
Share capital		4,511,971	4,511,971	4,511,971	4,511,971	4,511,971
Capital surplus	Before distribution	691,334	724,912	763,317	813,963	824,811
	After distribution	691,334	724,912	763,317	777,867	824,811
Retained earnings	Before distribution	5,338,810	5,541,725	5,810,983	6,302,407	6,575,176
	After distribution	3,534,022	3,736,937	4,006,195	4,082,518	4,319,191
Other equities		(131,578)	(170,798)	(58,666)	(100,384)	(15,352)
Treasury stock		(288,389)	(288,389)	(288,389)	(288,389)	(288,389)
Total equity	Before distribution	10,122,148	10,319,421	10,739,216	11,239,568	11,608,217
	After distribution	8,317,360	8,514,633	8,934,428	8,983,583	9,352,232

## 2. Condensed parent company only statement of comprehensive income

Unit: NT\$ thousand

Items \ Year	Financial Summary for The Last Five Years				
	2017	2018	2019	2020	2021
Operating revenue	6,989,637	6,909,346	6,990,449	7,008,878	7,180,031
Gross profit	3,477,559	3,425,157	3,439,876	3,438,149	3,437,213
Net operating income	1,526,990	1,570,095	1,587,574	1,620,889	1,564,707
Non-operating income and loss	890,647	743,937	847,724	1,093,282	1,231,837
Income before income tax	2,417,637	2,314,032	2,435,298	2,714,171	2,796,544
Net income or loss from continuing operation	2,205,567	2,046,828	2,136,561	2,388,900	2,526,684
Income or loss from discontinued operation	-	-	-	-	-
Net income	2,205,567	2,046,828	2,136,561	2,388,900	2,526,684
Other comprehensive income (net of tax)	(103,860)	(64,768)	49,617	(134,406)	42,613
Total comprehensive income for the period	2,101,707	1,982,060	2,186,178	2,254,494	2,569,297
Earnings per share (NT\$)	5.00	4.64	4.85	5.42	5.73

### 6-1-3 Names and opinions of auditors for the past five years:

Year	CPA firm	Name of CPAs	Opinion
2017	Ernst & Young, Taiwan	YU Chien-Ju, HSU Hsin-Min	Unqualified opinion.
2018	Ernst & Young, Taiwan	YU Chien-Ju, HSU Hsin-Min	Unqualified opinion.
2019	Ernst & Young, Taiwan	YU Chien-Ju, HSU Hsin-Min	Unqualified opinion.
2020	Ernst & Young, Taiwan	YU Chien-Ju, HSU Hsin-Min	Unqualified opinion.
2021	Ernst & Young, Taiwan	WANG Yahn-Jyun, HSU Hsin-Min(note)	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 Consolidated financial analysis

Analysis item \ Year		Financial Information for the Most Recent Five Years				
		2017	2018	2019	2020	2021
Capital Structure Analysis (%)	Debt Ratio	49.56	48.29	50.29	49.51	49.10
	Long-term Fund to Property, Plant and Equipment Ratio	191.18	191.08	205.99	232.79	232.71
Liquidity Analysis (%)	Current Ratio	109.81	103.82	103.23	132.39	122.64
	Quick Ratio	98.08	92.66	94.07	115.62	105.66
	Times Interest Earned (Times)	72.08	70.56	67.43	75.02	63.48
Operating Performance Analysis	Average Collection Turnover (Times)	10.23	11.12	11.41	11.62	10.94
	Days Sales Outstanding	36	33	32	32	34
	Average Inventory Turnover (Times)	4.29	4.43	4.74	5.08	3.74
	Average Payment Turnover (Times)	9.61	9.52	11.04	12.90	12.18
	Average Inventory Turnover Days	86	83	78	72	98
	Property, Plant and Equipment Turnover (Times)	1.81	1.88	1.95	1.98	1.98
	Total Assets Turnover (Times)	0.63	0.64	0.62	0.60	0.60
Profitability Analysis	Return on Total Assets (%)	11.00	10.19	10.19	10.81	11.19
	Return on Equity (%)	21.81	19.66	19.80	21.30	21.75
	Pre-tax Income to Paid-in Capital Ratio (%)	58.11	56.40	59.37	66.16	68.38
	Net Margin (%)	17.12	15.67	16.23	17.78	18.24
	Earnings per share (NT\$)	5.00	4.64	4.85	5.42	5.73
Cash Flow Analysis	Cash Flow Ratio (%)	47.97	37.86	36.23	51.89	47.32
	Cash Flow Adequacy Ratio (%)	95.17	107.13	101.04	104.71	96.51
	Cash Flow Reinvestment Ratio (%)	8.41	4.79	6.01	7.16	4.22
Leverage	Leverage	1.55	1.47	1.57	1.56	1.56
	Financial Leverage	1.02	1.01	1.02	1.02	1.02
Reasons for changes in various financial ratios in the last two years:						
1. The change in “Average inventory turnover” compared with the previous year was 26.38%. This is mainly due to the increase in average turnover for the current year.						
2. The change in “Average Inventory Turnover Days” compared with the previous year was 36.11%. This is mainly due to the decrease in average inventory turnover for the current year.						
3. The change in “Cash Flow Reinvestment Ratio” compared with the previous year was 41.06%. This is mainly due to the increase in cash dividends distributed for the current year.						

### 6-2-2 Standalone financial analysis

Analysis item \ Year		Financial Information for the Most Recent Five Years				
		2017	2018	2019	2020	2021
Capital Structure Analysis (%)	Debt Ratio	43.06	43.14	42.03	41.16	40.83
	Long-term Fund to Property, Plant and Equipment Ratio	251.84	250.27	265.62	315.28	324.64
Liquidity Analysis (%)	Current ratio	43.09	43.19	41.29	59.05	61.09
	Quick Ratio	35.55	35.89	34.33	46.94	45.09
	Times Interest Earned (Times)	96.42	86.84	96.35	116.38	88.38
Operating Performance Analysis	Average Collection Turnover (Times)	9.09	9.21	9.03	8.72	8.28
	Days Sales Outstanding	40	40	40	42	44
	Average Inventory Turnover (Times)	4.66	4.72	4.84	3.58	3.02
	Average Payment Turnover (Times)	6.27	6.00	7.21	8.38	7.52
	Average Inventory Turnover Days	78	77	75	102	121
	Property, Plant and Equipment Turnover (Times)	1.38	1.35	1.42	1.45	1.50
	Total Assets Turnover (Times)	0.40	0.38	0.38	0.37	0.37
Profitability Analysis	Return on assets (%)	12.72	11.52	11.76	12.80	13.18
	Return on Equity (%)	22.44	20.03	20.29	21.74	22.12
	Pre-tax Income to Paid-in Capital Ratio (%)	53.58	51.29	53.97	60.15	61.98
	Net Margin (%)	31.55	29.62	30.56	34.08	35.19
	Earnings per share (NT\$)	5.00	4.64	4.85	5.42	5.73
Cash Flow Analysis	Cash Flow Ratio (%)	49.98	40.46	36.06	54.17	49.77
	Cash Flow Adequacy Ratio (%)	69.12	71.82	71.75	77.08	75.69
	Cash Flow Reinvestment Ratio (%)	4.11	2.45	1.20	1.80	(0.97)
Leverage	Operating Leverage	1.61	1.60	1.66	1.66	1.68
	Financial Leverage	1.02	1.02	1.02	1.01	1.02
Reasons for changes in various financial ratios in the last two years:						
1. The change in “Times interest earned” compared with the previous year was 24.06%. This is mainly due to the increase in net profit for the current year.						
2. The change in “Cash Flow Reinvestment Ratio” compared with the previous year was 153.89%. This is mainly due to the increase in cash dividends distributed for the current year.						

Note: Formulas are shown as follows:

#### 1. Capital Structure Analysis

(1) Debt 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 Analysis

(1) Account Collection (including account receivable and notes receivable from operation) Turnover = Net sales / Average Trade Receivable (including account receivable and notes receivable from operation).

(2) Days Sales Outstanding = 365 / Average Collection Turnover.

(3) Average Inventory Turnover = Cost of Sales / Average inventory

(4) Payables Turnover Rate (including accounts payable and bills payable from business activities) = Cost of sales / Average Trade Payables (including accounts payable and bills payable from business activities).

(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) Return on Total Assets = (Net Income + Interest Expenses \* (1 - Effective Tax Rate)) / Average Total Assets

(2) Return on Equity = Net Income / Average Shareholders' Equity.

(3) Net Margin = Net Income / 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 Analysis

(1) Cash Flow Ratio = Net cash flow from operating activities / Current liabilities.

(2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend.

(3) Cash Flow Reinvestment 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) / Operating income.

(2) Financial Leverage = Operating income / (Operating income - Interest expenses).

## **Audit Committee Report**

The Board of Directors has prepared the Company's 2021 business report, financial statements (including standalone and consolidated), and proposal for the distribution of earnings. Ernst & Young Taiwan was engaged 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 earnings, and have not found non-compliance matters 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:

Chen Tien-Wen (signature)

March 15, 2022

## **Independent Auditors' Report Translated 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, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and their consolidated financial performance and cash flows for the years ended December 31, 2021 and 2020, 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 2021 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\$14,134,897 thousand for the year ended December 31, 2021, 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 needed 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 2021 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, 2021 and 2020.

Wang, Yahn-Jyun

Hsu, Hsin-Min

Ernst & Young, Taiwan  
March 15, 2022

## **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, 2021 and December 31, 2020  
(Expressed in Thousands of New Taiwan Dollars)

No.	Assets	Notes	As of			
			December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
11xx	<b>Current assets</b>					
1100	Cash and cash equivalents	4 and 6	\$4,665,344	20	\$5,509,800	24
1110	Financial assets at fair value through profit or loss, current	4 and 6	1,020	-	1,108	-
	Financial assets at fair value through other comprehensive income, current	4 and 6	267,133	1	246,822	1
1125	Financial assets measured at amortized cost, current	4 and 6	352,269	2	392,528	2
	Contract assets, current	4 and 6	327,088	1	120,316	-
1150	Notes receivable, net	4 and 6	182,628	1	224,045	1
1170	Accounts receivable, net	4 and 6	873,644	4	826,865	3
1180	Accounts receivable from related parties, net	4, 6 and 7	258,183	1	149,659	1
	Operating lease receivables	4 and 6	86,766	-	52,161	-
1175	Finance lease receivables	4 and 6	69,685	-	60,976	-
130x	Inventories, net	4 and 6	540,406	2	476,508	2
1410	Prepayments		632,546	3	650,154	3
1470	Other current assets		215,895	1	183,120	1
	<b>Total current assets</b>		<u>8,472,607</u>	<u>36</u>	<u>8,894,062</u>	<u>38</u>
15xx	<b>Non-current assets</b>					
1511	Financial assets at fair value through profit or loss, non-current	4 and 6	42,138	-	-	-
	Financial assets at fair value through other comprehensive income, non-current	4 and 6	207,080	1	142,692	1
1543	Financial assets measured at amortized cost, non-current	4 and 6	147,263	1	70,884	-
1550	Investments accounted for under the equity method	4 and 6	4,112,111	17	3,612,097	16
1600	Property, plant and equipment	4, 6, 7 and 8	7,178,382	30	7,067,044	31
	Right-of-use assets	4 and 6	644,652	3	818,900	4
1760	Investment property	4 and 6	38,758	-	39,166	-
1780	Intangible assets	4 and 6	362,696	2	384,104	2
1840	Deferred tax assets	4 and 6	420,305	2	435,195	2
1915	Prepayment for equipment	7	1,237,226	5	1,034,601	4
1920	Refundable deposits	7	350,770	1	371,114	2
	Long-term receivables	6	54,276	-	40,541	-
1935	Long-term lease receivables	4 and 6	181,414	1	157,365	-
1990	Other assets, non-current	6 and 8	163,266	1	101,662	-
	<b>Total non-current assets</b>		<u>15,140,337</u>	<u>64</u>	<u>14,275,365</u>	<u>62</u>
1xxx	<b>Total assets</b>		<u>\$23,612,944</u>	<u>100</u>	<u>\$23,169,427</u>	<u>100</u>

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, 2021 and December 31, 2020  
(Expressed in Thousands of New Taiwan Dollars)

No.	Liabilities and Equity	Notes	As of			
			December 31, 2021		December 31, 2020	
			Amount	%	Amount	%
21xx	<b>Current liabilities</b>					
2100	Short-term loans	4, 6 and 8	\$500,000	2	\$1,600,000	7
2110	Short-term bills payable	6	50,000	-	150,000	1
	Contract liabilities, current	4 and 6	1,301,963	5	1,283,052	6
2150	Notes payable		175,710	1	189,675	1
2170	Accounts payable		636,401	3	452,733	2
2180	Accounts payable to related parties	7	26,355	-	13,132	-
2200	Other payables	6 and 7	2,370,494	10	2,182,835	9
2230	Current tax liabilities	4 and 6	264,729	1	303,807	1
	Lease liabilities	6	231,523	1	285,402	1
	Lease liabilities to related parties	6 and 7	17,268	-	18,414	-
2320	Current portion of long-term loans	4, 6 and 8	1,149,793	5	130,850	1
2300	Other current liabilities	4 and 6	184,157	1	107,958	-
	<b>Total current liabilities</b>		<u>6,908,393</u>	<u>29</u>	<u>6,717,858</u>	<u>29</u>
25xx	<b>Non-current liabilities</b>					
	Contract Liabilities, non-current	6	18,901	-	30,432	-
2540	Long-term loans	4, 6 and 8	2,036,168	9	1,885,150	8
2550	Provisions, non-current	4	7,200	-	7,200	-
	Lease liabilities	6	371,605	1	488,819	2
2613	Lease liabilities to related parties	6 and 7	23,184	-	27,142	-
	Long-term payables		15,860	-	29,972	1
2640	Net defined benefit liabilities, non-current	4 and 6	1,564,993	7	1,624,138	7
2645	Guarantee deposits	6	648,061	3	660,104	3
	<b>Total non-current liabilities</b>		<u>4,685,972</u>	<u>20</u>	<u>4,752,957</u>	<u>21</u>
2xxx	<b>Total liabilities</b>		<u>11,594,365</u>	<u>49</u>	<u>11,470,815</u>	<u>50</u>
31xx	<b>Equity attributable to the parent</b>					
3110	<b>Capital</b>					
3200	Common stock	6	4,511,971	19	4,511,971	19
3300	<b>Capital surplus</b>	6	824,811	3	813,963	3
	<b>Retained earnings</b>					
3310	Legal reserve	6	3,970,792	17	3,741,171	16
	Special reserve		100,384	-	58,666	-
3350	Unappropriated earnings		2,504,000	11	2,502,570	11
3400	<b>Other components of equity</b>	4 and 6	(15,352)	-	(100,384)	-
3500	<b>Treasury stock</b>	4, 6 and 8	(288,389)	(1)	(288,389)	(1)
36xx	<b>Non-controlling interests</b>	6	410,362	2	459,044	2
3xxx	<b>Total equity</b>		<u>12,018,579</u>	<u>51</u>	<u>11,698,612</u>	<u>50</u>
	<b>Total liabilities and equity</b>		<u>\$23,612,944</u>	<u>100</u>	<u>\$23,169,427</u>	<u>100</u>

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

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

No.	Item	Notes	2021		2020	
			Amount	%	Amount	%
4100	<b>Operating revenue</b>	4 and 7	\$14,189,161	100	\$13,750,813	100
4700	<b>Less : Sales returns and allowances</b>		(54,264)	-	(44,448)	-
4100	<b>Net revenue</b>	6	14,134,897	100	13,706,365	100
5000	<b>Operating costs</b>	6 and 7	(9,100,685)	(64)	(8,697,290)	(63)
5900	<b>Gross profit</b>		5,034,212	36	5,009,075	37
6000	<b>Operating expenses</b>	6 and 7				
6100	Sales and marketing expenses		(805,649)	(6)	(754,027)	(6)
6200	General and administrative expenses		(1,445,429)	(10)	(1,498,269)	(11)
6300	Research and development expenses		(112,028)	(1)	(111,575)	(1)
	Expected credit losses		(5,220)	-	(5,208)	-
	Subtotal		(2,368,326)	(17)	(2,369,079)	(18)
6900	<b>Operating income</b>		2,665,886	19	2,639,996	19
7000	<b>Non-operating income and loss</b>					
7100	Interest Income	6	10,022	-	17,577	-
7010	Other income	6	52,295	-	76,163	-
7020	Other gains and losses	6	(37,631)	-	(62,939)	-
7050	Finance costs	6	(49,384)	-	(40,325)	-
7370	Share of profit or loss of associates accounted for using the equity method		444,257	3	354,486	3
	Subtotal		419,559	3	344,962	3
7900	<b>Income before income tax</b>		3,085,445	22	2,984,958	22
7950	<b>Income tax expenses</b>	4 and 6	(506,560)	(4)	(547,730)	(4)
8200	<b>Net income</b>		2,578,885	18	2,437,228	18
8300	<b>Other comprehensive income</b>	6				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>					
	Remeasurements of defined benefit plans		(34,100)	-	(114,100)	(1)
	Unrealized gains on financial assets at fair value through other comprehensive income		68,412	1	(45,846)	-
	Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss		21,562	-	8,972	-
	Income tax related to items that will not be reclassified		3,981	-	16,229	-
8325	<b>Items that may be reclassified subsequently to profit or loss</b>					
8360	Exchange differences on translation of foreign operations		5,379	-	10,653	-
8370	Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss		(11,989)	-	(10,387)	-
8399	<b>Total other comprehensive income (loss), net of tax</b>		53,245	1	(134,479)	(1)
8500	<b>Total comprehensive income</b>		\$2,632,130	19	\$2,302,749	17
8600	<b>Net income attributable to:</b>					
8610	Shareholders of the parent		\$2,526,684		\$2,388,900	
8620	Non-controlling interests	6	52,201		48,328	
8700	<b>Comprehensive income attributable to:</b>					
8710	Shareholders of the parent		\$2,569,297		\$2,254,494	
8720	Non-controlling interests	6	62,833		48,255	
	<b>Earnings per share (NT\$)</b>	6				
	Basic earnings per share		\$5.73		\$5.42	
	Diluted earnings per share		\$5.73		\$5.41	

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, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

Description	Equity Attributable to the Parent Company									Non-Controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity		Treasury Stock	Total		
			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				
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
Difference between consideration given/received and carrying amount of interests in subsidiaries	-	-	-	-	-	-	-	-	-	(7,975)	(7,975)
Increase (decrease) through changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	11,425	11,425
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(37,590)	(37,590)
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
Balance as of January 1, 2021	\$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
Appropriations and distributions of 2020 unappropriated earnings											
Legal reserve	-	-	229,621	-	(229,621)	-	-	-	-	-	-
Special reserve	-	-	-	41,718	(41,718)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,219,890)	-	-	-	(2,219,890)	-	(2,219,890)
Other changes in capital reserve											
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	32,830	-	-	-	-	-	-	32,830	7	32,837
Cash dividends of capital surplus	-	(36,096)	-	-	-	-	-	-	(36,096)	-	(36,096)
Net income in 2021	-	-	-	-	2,526,684	-	-	-	2,526,684	52,201	2,578,885
Other comprehensive (loss) income, net of tax in 2021	-	-	-	-	(33,679)	(6,158)	82,450	-	42,613	10,632	53,245
Total comprehensive income	-	-	-	-	2,493,005	(6,158)	82,450	-	2,569,297	62,833	2,632,130
Disposal of equity instrument at fair value through other comprehensive income by subsidiaries	-	-	-	-	(899)	-	899	-	-	(75)	(75)
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	553	-	(553)	-	-	-	-
Parent company's cash dividends received by subsidiaries	-	48,732	-	-	-	-	-	-	48,732	-	48,732
Disposal of investments accounted for under the equity method	-	(34,618)	-	-	-	8,394	-	-	(26,224)	-	(26,224)
Difference between consideration given/received and carrying amount of interests in subsidiaries	-	-	-	-	-	-	-	-	-	(70,020)	(70,020)
Increase (decrease) through changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	-	885	885
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(42,312)	(42,312)
Balance as of December 31, 2021	\$4,511,971	\$824,811	\$3,970,792	\$100,384	\$2,504,000	\$(102,361)	\$87,009	\$(288,389)	\$11,608,217	\$410,362	\$12,018,579

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, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

Description	2021	2020
<b>Cash flows from operating activities:</b>		
Profit before tax from continuing operations	\$3,085,445	\$2,984,958
Net income before tax	3,085,445	2,984,958
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	1,425,494	1,420,890
Amortization	61,731	57,993
Expected credit losses	5,220	5,208
Loss (gain) of financial assets at fair value through profit or loss	88	(412)
Interest expense	49,384	40,325
Interest income	(10,022)	(17,577)
Dividend income	(9,456)	(5,456)
Share of profit or loss of associates accounted for using the equity method	(444,257)	(354,486)
Loss on disposal of property, plant and equipment	6,327	5,806
Loss on disposal of intangible assets	193	-
(Gain) loss on disposal of investments	(38,718)	3,034
Impairment loss	22,330	45,381
Gain on disposal of investment property	-	(33,155)
Loss (gain) on lease modification	541	(1,933)
Changes in operating assets and liabilities:		
Contract assets	(206,772)	1,888
Notes receivable, net	41,417	(37,963)
Accounts receivable, net	(55,222)	(101,992)
Accounts receivable from related parties, net	(108,486)	12,681
Inventories, net	(268,041)	(222,715)
Prepayments	25,423	(231,570)
Other current assets	(30,216)	17,250
Operating lease receivables	(34,605)	3,441
Finance lease receivables	(32,758)	(35,886)
Long-term receivables	(13,735)	7,910
Contract liabilities	7,380	25,571
Notes payable	(13,965)	(26,909)
Accounts payable	170,199	21,952
Accounts payable to related parties	13,061	(2,081)
Other payables	184,792	492,365
Other current liabilities	72,466	3,490
Net defined liabilities, non-current	(90,366)	(67,806)
Cash generated from operations	3,814,872	4,010,202
Interest received	10,974	18,555
Interest paid	(39,343)	(29,960)
Income tax paid	(517,221)	(513,216)
Net cash provided by operating activities	3,269,282	3,485,581
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(64,431)	(97,376)
Proceeds from disposal of financial assets at fair value through other comprehensive income	22,167	56,630
Capital deducted by cash of financial assets at fair value through other comprehensive income	7,727	22,838
Acquisition of financial assets measured at amortized cost	(1,438,174)	(606,125)
Proceeds from disposal of financial assets measured at amortized cost	1,402,054	463,697
Acquisition of financial assets at fair value through profit or loss	(42,138)	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	5,599
Acquisition of investments accounted for using the equity method	(370,665)	(296,878)
Proceeds from disposal of investments at equity method	52,608	29,873
Capital deducted by cash of investments accounted for using the equity method	-	291,092
Proceeds from disposal of subsidiaries	-	(290)
Acquisition of property, plant and equipment	(1,105,418)	(1,366,262)
Proceeds from disposal of property, plant and equipment	34,386	17,938
Decrease (increase) in refundable deposits	20,344	(82,772)
Acquisition of intangible assets	(62,606)	(68,251)
Proceeds from disposal of investment property	-	56,622
Increase in prepayment for equipment	(215,043)	(219)
Decrease in other assets	105,611	74,220
Dividends received	295,319	72,390
Net cash used in investing activities	(1,358,259)	(1,427,274)
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	(1,100,000)	(2,170,000)
Decrease in short-term bills payable	(100,000)	(200,000)
Increase in long-term loans	1,400,000	1,850,000
Decrease in long-term loans	(230,039)	(184,000)
(Decrease) increase in guarantee deposits	(12,043)	7,415
Cash payments for the principal portion of lease liability	(345,217)	(327,677)
Cash dividends paid	(2,255,986)	(1,804,788)
Changes in non-controlling interests	(112,194)	(35,140)
Net cash used in financing activities	(2,755,479)	(2,864,190)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net decrease in cash and cash equivalents	(844,456)	(805,883)
Cash and cash equivalents at beginning of year	5,509,800	6,315,683
Cash and cash equivalents at end of year	\$4,665,344	\$5,509,800

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, 2021 AND 2020

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

1. History and Organization

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

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

The consolidated financial statements of the Company and subsidiaries (“the Group”) for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 15, 2022.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from the first-time adoption of 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, 2021. 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.

- (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.

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022



- (a) 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 Group 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.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The standards and interpretations 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”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2023
e	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
f	Definition of Accounting Estimates – Amendments to IAS 8	1 January 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 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 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 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 1 January 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) 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.

(e) 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.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

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 (c)~(f), it is not practicable to estimate their impact on the Group for the time being. 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, 2021 and 2020 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:

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%)	
			December 31, 2021	December 31, 2020
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	LeeBao 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 International Co., Ltd.	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, 2021	December 31, 2020
The Company, Goyun Security Co., Ltd., and KuoHsing Security Co., Ltd.	Gowin Building Management and Maintenance 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, Speed Investment Co., Ltd. and Goyun Security Co., Ltd.	Lots Home Entertainment Co., Ltd.	Digital video and movie distribution (Note 1)	89.52%	100.00%
The Company and Gowin Building Management and Maintenance Co., Ltd.	KuoHsing Security Co., Ltd.	Corporate security guarding services	85.22%	85.22%
The Company and Speed Investment Co., Ltd.	Taiwan Secom Insurance Brokerage Services Inc.	Insurance broker (Note 2)	100.00%	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 3)	-	85.48%
The Company, Speed Investment Co., Ltd. Aion Technologies Inc. and Titan Star International Co., Ltd.	Brighton Technology and Engineering Corporation	Light controlling system services (Note 4)	92.12%	93.87%
LeeBao Security Co., Ltd.	LeeBao 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 (Note 5)	-	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 (Note 1)	-	88.47%
Speed Investment Co., Ltd. and Goyun Security Co., Ltd.	Ching-Dian Tech Co., Ltd..	POS system for retail (Note 6)	100.00%	64.30%
Speed Investment Co., Ltd.	Sunseap Solutions Taiwan Limited	Energy-saving solutions technology (Note 7)	51.00%	51.00%
Speed Investment Co., Ltd. and Aion Technologies Inc.	Epic Tech Taiwan Inc.	Property Management Platform (Note 8)	97.50%	97.50%
Speed Investment Co., Ltd.	Sphinx Foods Company Limited	Food manufacturing (Note 9)	-	100.00%
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 10)	100.00%	100.00%
Goyun Security Co., Ltd.	Guoyun Technology Co., Ltd.	Car parking lot services	100.00%	100.00%
Gowin Building Management and Maintenance Co., Ltd.	Gowin Security Co., Ltd.	Buildings' security guarding services	100.00%	100.00%
Gowin Building Management and Maintenance Co., Ltd.	Gowin Smart Parking Co., Ltd.	Car parking lot services (Note 11)	100.00%	100.00%
TransAsia Catering Services Ltd.	Livingplus Food and Beverage Co. Ltd.	Catering services (Note 12)	100.00%	96.25%
Brighton Technology and Engineering Corporation	SIGMU D.P.T. Company Ltd.	Wholesale and installation of fire safety equipment (Note 4)	100.00%	-
Brighton Technology and Engineering Corporation	Comlink Fire Systems Inc.	Wholesale of fire safety equipment (Note 4)	100.00%	-

- Note 1: In order to integrate the resources of the group and improve its operating efficiency, on April 13, 2021, the boards of directors of Lots Home Entertainment Co., Ltd. and Babyboss Co., Ltd. approved to merge in accordance with Business Mergers and Acquisitions Act. and Babyboss Co., Ltd. dissolved after the merger. The record date for the merger was May 31, 2021. After the merger is completed, the Group's shareholding of Lots Home Entertainment Co., Ltd. decreased to 89.52%.
- Note 2: Taiwan Secom Co., Ltd. acquired 304,200 shares of Taiwan Secom Insurance Brokerage Services Inc. from its non-controlling interest shareholders for NT\$9,464 thousand in June 2021. The percentage of ownership was increased to 100%.
- Note 3: Taiwan Video System Co., Ltd.'s dissolution was resolved by its Extraordinary Shareholder's meeting on October 28, 2020 and the dissolution record date was October 29, 2020. The dissolution was approved by the Taipei City Government on November 6, 2020, and the approved document number is No.10955959300. Dissolution and liquidation were completed at the end of April 2021.
- Note 4: In order to integrate the resources of the group and improve its operating efficiency, on June 18, 2021, the Boards of Directors of Brightron Technology and Engineering Corporation, SIGMU D.P.T. Company Ltd. and Comlink Fire Systems Inc approved the stock swap in accordance with Business Mergers and Acquisitions Act. After the stock swap, Brightron Technology and Engineering Corporation obtained 100% equity of SIGMU D.P.T. Company Ltd. and Comlink Fire Systems Inc., respectively and the Group's shareholding of Brightron Technology and Engineering Corporation decreased from 93.87% to 92.12%.
- Note 5: SVS Corporate dissolution was resolved by the Board of Directors' meeting and the dissolution record date was May 20, 2021. The dissolution was approved by the Taipei City Government on June 2, 2021, and the approved document number is No.11049918010. Dissolution and liquidation were completed at the end of January 2022.
- Note 6: Having approved by Taipei City Government on April 9, 2020, Ching-Dian Tech Co., Ltd. changed its Chinese name. Speed Investment Co., Ltd. acquired 5,355,000 shares of Ching-Dian Tech Co., Ltd. from its non-controlling interest shareholders for NT\$61,690 thousand in April 2021. The percentage of ownership was increased to 100%.

Note 7: Speed Investment Co., Ltd. joined the cash capital increase of Sunseap Solutions Taiwan Limited. Speed Investment Co., Ltd. acquired 1,224 thousand additional shares by investing NT\$12,240 thousand. The percentage of ownership remains as 51%.

Note 8: Speed Investment Co., Ltd. and Aion Technologies Inc. established Epic Tech Taiwan Inc. in April 2020 and the issued capital amounted to NT\$10,000 thousand. In July 2020, 100 thousand shares were transferred to employees, and the percentage of ownership decreased to 90%. In December 2020, Speed Investment Co., Ltd. and Aion Technologies Inc. increased the capital injection in cash to Epic Tech Taiwan Inc. for NT\$24,000 thousand and the percentage of ownership was increased to 97.50%.

Note 9: Sphinx Foods Company Limited established by Speed Investment Co., Ltd. in June 2020. The issued capital amounted to NT\$20,000 thousand. In order to integrate the resources of the group and improve its operating efficiency, on April 19, 2021, the Boards of Directors of Speed Investment Co., Ltd. and Sphinx Foods Company Limited approved to merge in accordance with Business Mergers and Acquisitions Act, Sphinx Foods Company Limited dissolved after the merger. The dissolution was approved by the Taipei City Government on June 1, 2021, and the approved document number is No.11001081610.

Note 10: Having approved by New Taipei City Government on August 4, 2020, Chung Po Rental changed its Chinese name.

Note 11: Having approved by Taipei City Government on August 26, 2020, Gowin Smart Parking Co., Ltd. changed its Chinese name.

Note 12: Speed Investment Co., Ltd. acquired 1,000,000 shares of Living Plus Food & Beverage Co., Ltd. from its non-controlling interest shareholders for NT\$875 thousand in April 2021. Speed Investment Co., Ltd. sold the 100% right of Living Plus Food & Beverage Co., Ltd. to TransAsia Catering Services Ltd. in October 2021 and the consideration was NT\$14,180 thousand. The transaction was completed on October 20, 2021 and registered in authority-in-charge.

#### (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.

#### Financial assets measured at amortized cost

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

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

#### Financial asset measured at fair value through other comprehensive income

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

- a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (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

##### Classification between liabilities or equity

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.

### 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.

### Compound instruments

The Group evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Group assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 *Financial Instruments*.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

### 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 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 affect 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

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
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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.

### Group as a lessee

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	Other intangible assets	Goodwill
Useful lives	Finite	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	Amortized on a straight-line basis over the estimated useful life (3-10 years)	No amortization
Internally generated or acquired	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.

### 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.

### (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:

#### Sale of goods

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.

### Rendering of services

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 offset 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 held to earn rentals or for capital appreciation and the other portion is owner-occupied. If those portions could be sold separately, the Group accounts for those portions separately as investment properties and property, plant and equipment. If those portions could not be sold separately, the property is classified as investment property in its entirety only if the owner-occupied portion 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 certain affiliated enterprises. However, the Group has significant influence 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. Additionally, the Group holds less than 50% voting rights in certain affiliated enterprises but the Group is the largest shareholder. However, after factoring into conditions such as absolute size of the Group's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Group reached the conclusion that it has not de facto control over these affiliates and only has significant influence. Please refer to Note 6(8) for further details.

## (2) Estimates and assumptions

The key assumptions, concerning the future and other key sources of estimation uncertainty at the reporting date, and 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 respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective 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, 2021.

### 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,	
	2021	2020
Petty cash	\$11,205	\$11,223
Cash on hand for cash delivery service	1,442,760	1,452,710
Checking and saving accounts	2,839,589	2,640,372
Time deposits	4,594	14,583
Cash equivalents	367,196	1,390,912
Total	<u>\$4,665,344</u>	<u>\$5,509,800</u>

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

	As of December 31,	
	2021	2020
Financial assets designated at fair value through profit or loss:		
Fund	\$1,020	\$1,108
Convertible bond	42,138	-
Total	<u>\$43,158</u>	<u>\$1,108</u>
Current	\$1,020	\$1,108
Non-current	42,138	-
Total	<u>\$43,158</u>	<u>\$1,108</u>

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,	
	2021	2020
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	\$158,738	\$98,858
Unlisted companies stocks	160,186	102,912
Real estate investment trust	155,289	187,744
Total	<u>\$474,213</u>	<u>\$389,514</u>
Current	\$267,133	\$246,822
Non-current	207,080	142,692
Total	<u>\$474,213</u>	<u>\$389,514</u>

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, 2021 and 2020 are as follow:

	For the years ended December 31,	
	2021	2020
Related to investments held at the end of the reporting period	\$9,456	\$5,456
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$9,456</u>	<u>\$5,456</u>

In terms 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, 2021 and 2020 are as follow:

	For the years ended December 31,	
	2021	2020
The fair value of the investments at the date of derecognition	\$29,894	\$56,630
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	(346)	4,742

(4) Financial assets measured at amortized cost

	As of December 31,	
	2021	2020
Time deposit	\$60,033	\$-
Less: loss allowance	439,499	463,412
Total	<u>-</u>	<u>-</u>
	<u>\$499,532</u>	<u>\$463,412</u>
Current	\$352,269	\$392,528
Non-current	147,263	70,884
Total	<u>\$499,532</u>	<u>\$463,412</u>

Please refer to Note 8 for more detail on financial assets measured at amortized cost under pledge. Please refer to Note 6(21) for more details on loss allowance and Note 12 for more details on credit risk.

(5) Notes receivable

	As of December 31,	
	2021	2020
Notes receivable arising from operating activities	\$182,628	\$224,045
Less: loss allowance	-	-
Total	<u>\$182,628</u>	<u>\$224,045</u>

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,	
	2021	2020
Accounts receivable	\$910,235	\$858,444
Less: loss allowance	(36,591)	(31,579)
Subtotal	<u>873,644</u>	<u>826,865</u>
Accounts receivable from related parties	258,183	149,659
Less: loss allowance	-	-
Subtotal	<u>258,183</u>	<u>149,659</u>
Operating lease receivables	86,766	52,161
Less: loss allowance	-	-
Subtotal	<u>86,766</u>	<u>52,161</u>
Long-term receivables	54,276	40,541
Less: loss allowance	-	-
Subtotal	<u>54,276</u>	<u>40,541</u>
Total	<u>\$1,272,869</u>	<u>\$1,069,226</u>

Accounts receivable were not pledged.

Accounts receivable are generally on 15-120 day terms. The total carrying amount as of December 31, 2021 and 2020 are NT\$1,309,460 thousand and NT\$1,100,805 thousand, respectively. Please refer to Note 6(21) for more details on loss allowance of accounts receivable for the years ended December 31, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31,	
	2021	2020
Merchandise inventories	\$345,395	\$339,920
Finished goods	5,628	7,549
Work-in-progress	43,435	19,138
Raw materials	133,508	58,461
Others	12,440	51,440
Total	<u>\$540,406</u>	<u>\$476,508</u>

The cost of inventories recognized in expenses amounted to NT\$1,490,861 thousand and NT\$1,522,820 thousand for the years ended December 31, 2021 and 2020, 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:

Investees	As of December 31,			
	2021		2020	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
<u>Listed companies</u>				
Goldsun Building Materials Co., Ltd.	\$3,741,288	15	\$3,256,828	15
TransAsia Airways Corp.	-	12	-	12
Subtotal	<u>3,741,288</u>		<u>3,256,828</u>	
<u>Non-listed companies</u>				
Tech Elite Holdings Ltd.	-	39	-	36
Anfeng Enterprise Co., Ltd.	14,497	30	13,764	30
HuaYa Development Co., Ltd.	293,338	50	298,207	50
eSkylink Inc.	22,062	20	20,056	20
Global Food Co., Ltd.	24,443	30	23,242	30
GALC Inc.	9,483	30	-	-
Pony Drink Dream Co., Ltd.	7,000	35	-	-
Subtotal	<u>370,823</u>		<u>355,269</u>	
Total	<u>\$4,112,111</u>		<u>\$3,612,097</u>	

The Company possessed less than 20% of ownership of Goldsun Building Material Co., Ltd. However, since the key management of the Company doubles as the chairman of the board of Goldsun Building Materials Co., Ltd. and the Company has one representation on the board of directors of the investee, the significant influence of the Company over the Goldsun Building Materials Co., Ltd. was assumed to exist, and therefore the investment was accounted for using the equity method.

The Company have majority of the voting rights of HuaYa Development Co., Ltd. However, after factoring into conditions such as absolute size of the Company's holding, relative size of the other shareholdings and contractual arrangements between shareholders, then the Company holds the voting rights less than the other shareholders, and reached the conclusion that it has not de facto control over this investee but only has significant influence and therefore the investment was 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. was NT\$5,455,454 thousand and NT\$4,370,977 thousand, as of December 31, 2021 and 2020, 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,	
	2021	2020
Current assets	\$12,530,850	\$12,533,765
Non-current assets	23,229,633	22,195,145
Current liabilities	(7,137,852)	(6,210,029)
Non-current liabilities	(6,116,784)	(7,188,505)
Equity	22,505,847	21,330,376
Non-controlling interests	(1,115,589)	(1,131,047)
Shareholders of the parent	21,390,258	20,199,329
Proportion of the Group's ownership	15.48%	14.49%
Subtotal	3,311,212	2,926,883
Goodwill	360,415	282,628
Others	69,661	47,317
Carrying amount of the investment	<u>\$3,741,288</u>	<u>\$3,256,828</u>

	For the years ended December 31,	
	2021	2020
Operating revenue	\$21,801,699	\$18,877,800
Profit or loss from continuing operations	2,933,244	2,550,807
Other comprehensive income	109,349	(199,406)
Total comprehensive income	<u>\$3,042,593</u>	<u>\$2,351,401</u>

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\$370,823 thousand and NT\$355,269 thousand, as of December 31, 2021 and 2020, respectively. The aggregate financial information based on Group's share of other companies is as follows:

	For the years ended December 31,	
	2021	2020
Profit or loss from continuing operations	\$8,357	\$12,382
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$8,357</u>	<u>\$12,382</u>

The associates had no contingent liabilities or capital commitments as of December 31, 2021 and 2020.

(9) Property, plant and equipment

	As of December 31,	
	2021	2020
Owner occupied property, plant and equipment	\$7,028,768	\$6,917,248
Property, plant and equipment leased out under operating leases	149,614	149,796
Total	<u>\$7,178,382</u>	<u>\$7,067,044</u>

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, 2021	\$2,725,140	\$1,528,669	\$582,341	\$8,779,203	\$702,739	\$958,997	\$1,055,082	\$16,332,171
Additions	169,100	34,869	40,056	546,108	76,060	110,043	98,743	1,074,979
Disposals	-	-	(128,584)	(592,635)	(67,984)	(130,150)	(39,780)	(959,133)
Other changes	-	-	-	109,801	(280)	-	226	109,747
As of December 31, 2021	<u>\$2,894,240</u>	<u>\$1,563,538</u>	<u>\$493,813</u>	<u>\$8,842,477</u>	<u>\$710,535</u>	<u>\$938,890</u>	<u>\$1,114,271</u>	<u>\$16,557,764</u>
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	<u>\$2,725,140</u>	<u>\$1,528,669</u>	<u>\$582,341</u>	<u>\$8,779,203</u>	<u>\$702,739</u>	<u>\$958,997</u>	<u>\$1,055,082</u>	<u>\$16,332,171</u>
Depreciation and impairment:								
As of January 1, 2021	\$-	\$464,842	\$496,606	\$6,545,240	\$576,892	\$544,019	\$787,324	\$9,414,923
Depreciation	-	35,600	25,500	748,450	52,269	83,844	86,934	1,032,597
Disposals	-	(5)	(121,821)	(592,128)	(66,701)	(102,326)	(35,543)	(918,524)
Other changes	-	-	-	-	(31)	-	31	-
As of December 31, 2021	<u>\$-</u>	<u>\$500,437</u>	<u>\$400,285</u>	<u>\$6,701,562</u>	<u>\$562,429</u>	<u>\$525,537</u>	<u>\$838,746</u>	<u>\$9,528,996</u>
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	<u>\$-</u>	<u>\$464,842</u>	<u>\$496,606</u>	<u>\$6,545,240</u>	<u>\$576,892</u>	<u>\$544,019</u>	<u>\$787,324</u>	<u>\$9,414,923</u>
Net carrying amount as of:								
December 31, 2021	<u>\$2,894,240</u>	<u>\$1,063,101</u>	<u>\$93,528</u>	<u>\$2,140,915</u>	<u>\$148,106</u>	<u>\$413,353</u>	<u>\$275,525</u>	<u>\$7,028,768</u>
December 31, 2020	<u>\$2,725,140</u>	<u>\$1,063,827</u>	<u>\$85,735</u>	<u>\$2,233,963</u>	<u>\$125,847</u>	<u>\$414,978</u>	<u>\$267,758</u>	<u>\$6,917,248</u>



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

	<u>Other equipment</u>
Cost:	
As of January 1, 2021	\$475,087
Additions	30,439
Disposals	(114)
Other changes	29,138
As of December 31, 2021	<u>\$534,550</u>
As of January 1, 2020	\$427,174
Additions	33,171
Disposals	(28,914)
Other changes	43,656
As of December 31, 2020	<u>\$475,087</u>
Depreciation and impairment:	
As of January 1, 2021	\$325,291
Depreciation	59,717
Disposals	(10)
Other changes	(62)
As of December 31, 2021	<u>\$384,936</u>
As of January 1, 2020	\$297,180
Depreciation	56,962
Disposals	(28,851)
Other changes	-
As of December 31, 2020	<u>\$325,291</u>
Net carrying amounts as at:	
December 31, 2021	<u>\$149,614</u>
December 31, 2020	<u>\$149,796</u>

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, 2021	\$26,010	\$16,986	\$42,996
Disposals	-	-	-
As of December 31, 2021	<u>\$26,010</u>	<u>\$16,986</u>	<u>\$42,996</u>
As of January 1, 2020	\$44,813	\$22,706	\$67,519
Disposals	(18,803)	(5,720)	(24,523)
As of December 31, 2020	<u>\$26,010</u>	<u>\$16,986</u>	<u>\$42,996</u>
Depreciation and impairment:			
As of January 1, 2021	\$-	\$3,830	\$3,830
Depreciation	-	408	408
Disposals	-	-	-
As of December 31, 2021	<u>\$-</u>	<u>\$4,238</u>	<u>\$4,238</u>
As of January 1, 2020	\$-	\$4,394	\$4,394
Depreciation	-	492	492
Disposals	-	(1,056)	(1,056)
As of December 31, 2020	<u>\$-</u>	<u>\$3,830</u>	<u>\$3,830</u>
Net carrying amount as of:			
December 31, 2021	<u>\$26,010</u>	<u>\$12,748</u>	<u>\$38,758</u>
December 31, 2020	<u>\$26,010</u>	<u>\$13,156</u>	<u>\$39,166</u>

	For the years ended December 31,	
	2021	2020
Rental income from investment property	\$4,707	\$5,414
Less : Direct operating expense generated from rental income of investment property	(408)	(492)
Total	<u>\$4,299</u>	<u>\$4,922</u>

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

The fair value of investment properties is NT\$100,253 thousand and NT\$89,978 thousand, as of December 31, 2021 and 2020, 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,	
	2021	2020
Capitalization Rate	<u>1.76%~1.77%</u>	<u>1.77%-1.85%</u>

(11) Intangible assets

	Goodwill	Computer software	Customer relationship	Other	Total
Cost:					
As of January 1, 2021	\$549,822	\$207,059	\$17,432	\$-	\$774,313
Addition-acquired separately	-	61,106	-	1,500	62,606
Disposal of subsidiaries	(30,169)	(240)	-	-	(30,409)
Expired	-	(53,301)	-	-	(53,301)
Other changes	-	200	-	-	200
As of December 31, 2021	<u>\$519,653</u>	<u>\$214,824</u>	<u>\$17,432</u>	<u>\$1,500</u>	<u>\$753,409</u>
As of January 1, 2020	\$549,822	\$201,495	\$17,432	\$-	\$768,749
Addition-acquired separately	-	68,251	-	-	68,251
Expired	-	(62,687)	-	-	(62,687)
Other changes	-	-	-	-	-
As of December 31, 2020	<u>\$549,822</u>	<u>\$207,059</u>	<u>\$17,432</u>	<u>\$-</u>	<u>\$774,313</u>
Amortization and impairment:					
As of January 1, 2021	\$260,550	\$117,830	\$11,829	\$-	\$390,209
Amortization	-	59,074	2,490	167	61,731
Disposal of subsidiaries	(30,169)	(87)	-	-	(30,256)
Impairment	22,330	-	-	-	22,330
Expired	-	(53,301)	-	-	(53,301)
Other changes	-	-	-	-	-
As of December 31, 2021	<u>\$252,711</u>	<u>\$123,516</u>	<u>\$14,319</u>	<u>\$167</u>	<u>\$390,713</u>
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
Expired	-	(62,687)	-	-	(62,687)
As of December 31, 2020	<u>\$260,550</u>	<u>\$117,830</u>	<u>\$11,829</u>	<u>\$-</u>	<u>\$390,209</u>
Net carrying amount as of:					
December 31, 2021	<u>\$266,942</u>	<u>\$91,308</u>	<u>\$3,113</u>	<u>\$1,333</u>	<u>\$362,696</u>
December 31, 2020	<u>\$289,272</u>	<u>\$89,229</u>	<u>\$5,603</u>	<u>\$-</u>	<u>\$384,104</u>

Recognized as amortization of intangible assets are as follows.

	For the years ended December 31,	
	2021	2020
Operating costs	\$20,789	\$17,688
Operating expenses	\$40,942	\$40,305

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

Goodwill acquired through business combinations and licences 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:

As of December 31,	Security guard unit		Entertainment unit	
	2021	2020	2021	2020
Goodwill	\$27,548	\$27,548	\$-	\$22,330

As of December 31,	Catering service unit		Other business unit		Total	
	2021	2020	2021	2020	2021	2020
Goodwill	\$143,068	\$143,068	\$96,326	\$96,326	\$266,942	\$289,272

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 13.42% (2020: 13.93%) and cash flows beyond the five-year period are extrapolated using a 0% (2020: 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, NT\$3,291 thousand, 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 15.23% and (2020: 9.49%) and cash flows beyond the five-year period are extrapolated using a 0% (2020: 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 recognized an impairment loss of NT\$22,330 thousand against goodwill previously carried at NT\$22,330 thousand for the year ended December 31, 2021.

#### 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 12.37% (2020: 11.03%) and cash flows beyond the five-year period are extrapolated using a 0.5% (2020: 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 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 12.26%~12.57% (2020: 9.94%~10.69%) and cash flows beyond the five-year period are extrapolated using a 0% (2020: 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 good will which is allocated to this cash-generating unit.

#### 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, while 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 existed in any of the above key assumptions which would cause the carrying value of the unit to materially exceed its recoverable amount.

For the entertainment unit, the estimated recoverable amount is equal to its carrying value which is adjusted for the impairment loss and, consequently, any adverse change in a key assumption would result in a further impairment loss. The implications of the key assumptions for the recoverable amount are discussed below:

Discount rates - Discount rates should consider the historical financial position or the risks specific to the entertainment unit. Management has considered the possibility of historical financial position or the specific risks. If the specific risks increased 1%, a further impairment may result.

#### (13) Short-term loans

	Interest Rates (%)	As of December 31,	
		2021	2020
Unsecured bank loans	0.54%-0.90%	\$500,000	\$1,600,000
Total		<u>\$500,000</u>	<u>\$1,600,000</u>

The Group's unused short-term lines of credits amounted to NT\$2,740,000 thousand and NT\$1,010,000 thousand, as of December 31, 2021 and 2020, 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	Interest Rate (%)	Period
		December 31, 2021		
Commercial paper	Ta Ching Bills Finance Corporation	\$10,000	1.06%	30 days
Commercial paper	Ta Ching Bills Finance Corporation	40,000	0.90%	51 days
Subtotal		50,000		
Less: discount on short-term bills payable		-		
Net		\$50,000		

Nature	Guarantee Agency	As of	Interest Rate (%)	Period
		December 31, 2020		
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		

(15) Other payables

	As of December 31,	
	2021	2020
Other accrued expenses	\$1,354,780	\$1,206,330
ATM replenishment payable	906,512	865,680
Others	109,202	110,825
Total	\$2,370,494	\$2,182,835

(16) Long-term loans

Details of long-term loans are as follows:

Lenders	As of December 31, 2021	Interest Rates (%)	Maturity date and terms of repayment
<u>Unsecured Loan</u>			
Bank of Tokyo-Mitsubishi UFJ	\$40,000	0.70%-1.55%	Loan starting from May 18, 2017 till May 18, 2022; installment payment by 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 from December 18, 2020 till December 16, 2022; repayment at the maturity date; interest paid every month
Bank of Tokyo-Mitsubishi UFJ	400,000	0.85%	Loan starting from January 15, 2021 till January 13, 2022; repayment at the maturity date; interest paid every 3 months.
Sumitomo Mitsui Banking Corporation	600,000	0.93%	Loan starting from December 18, 2020 till December 16, 2022; repayment at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.99%	Loan starting from December 18, 2020 till December 18, 2022; repayment at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	700,000	0.88%	Loan starting from February 20, 2021 till February 20, 2023; repayment at the maturity date; interest paid every month
Mizuho Bank, Ltd.	100,000	0.92%	Loan starting from March 22, 2021 till March 22, 2024; repayment at the maturity date; interest paid every 3 months.
KGI Bank Co., Ltd.	100,000	0.90%	Loan starting from May 12, 2021 till April 27, 2024; repayment at the maturity date; interest paid every month
<u>Secured Loan</u>			
Sunny Bank Ltd.	145,961	1.45%	Loan starting from July 28, 2020 till July 28, 2035 installment payment by every month; interest paid every month.
Subtotal	3,185,961		
Less: current portion	(1,149,793)		
Total	<u>\$2,036,168</u>		



Lenders	As of December 31, 2020	Interest Rates (%)	Maturity date and terms of repayment
<u>Unsecured Loan</u>			
Bank of Tokyo-Mitsubishi UFJ	\$14,000	0.88%-1.20%	Loan starting from March 25, 2016 till March 25, 2021; installment payment by 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 from May 13, 2016 till May 13, 2021; installment payment by 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 from May 18, 2017 till May 18, 2022; installment payment by 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 from December 18, 2020 till December 16, 2022; repayment at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.93%	Loan starting from December 18, 2020 till December 16, 2022; repayment at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.99%	Loan starting from December 18, 2020 till December 18, 2022; repayment at the maturity date; interest paid every month
<u>Secured Loan</u>			
Sunny Bank Ltd.	150,000	1.45%	Loan starting from July 28, 2020 till July 28, 2035 installment payment by every month; interest paid every month.
Subtotal	2,016,000		
Less: current portion	(130,850)		
Total	<u>\$1,885,150</u>		

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,	
	2021	2020
Performance security deposit	\$502,358	\$505,512
Security line deposit	136,770	146,614
Others	8,933	7,978
Total	<u>\$648,061</u>	<u>\$660,104</u>

## (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, 2021 and 2020 were NT\$220,821 thousand and NT\$233,335 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<sup>th</sup> 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 mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$ 132,316 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

The average durations of the defined benefits plan obligation are 12 years and 13 years as of December 31, 2021 and 2020, respectively

Pension costs recognized in profit or loss for the years ended December 31, 2021 and 2020:

	For the years ended December 31,	
	2021	2020
Current period service costs	\$44,739	\$47,488
Interest expense (income) of net defined benefit liabilities (assets)	7,011	11,983
Total	<u>\$51,750</u>	<u>\$59,471</u>

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

	As of December 31,	
	2021	2020
Defined benefit obligation	\$1,984,635	\$2,016,375
Plan assets at fair value	(419,642)	(392,237)
Other non-current liabilities – Net defined benefit liabilities recognized on the consolidated balance sheets	<u>\$1,564,993</u>	<u>\$1,624,138</u>

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, 2020	\$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	-	50,465
Return on plan assets	-	(9,986)	(9,986)
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
Current period service costs	44,739	-	44,739
Net interest expense (income)	8,599	(1,588)	7,011
Prior period service costs	-	-	-
Subtotal	53,338	(1,588)	51,750
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	22,023	-	22,023
Actuarial gains and losses arising from changes in financial assumptions	(18,334)	-	(18,334)
Experience adjustments	32,968	-	32,968
Return on plan assets	-	(5,126)	(5,126)
Subtotal	-	(5,126)	31,531
Payments from the plan	(121,735)	121,735	-
Contributions by employer	-	(142,426)	(142,426)
As of December 31, 2021	\$1,984,635	\$(419,642)	\$1,564,993

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

	As of December 31,	
	2021	2020
Discount rate	0.44%-0.73%	0.33%-0.44%
Expected rate of salary increases	0.50%-2.00%	0.50%-2.00%

A sensitivity analysis for significant assumption as of December 31, 2021 and 2020 is as follows:

	Effect on the defined benefit obligation			
	2021		2020	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increases by 0.5%	\$-	\$92,965	\$-	\$104,641
Discount rate decreases by 0.5%	142,390	-	148,177	-
Future salary increases by 0.5%	148,593	-	155,109	-
Future salary decreases by 0.5%	-	92,251	-	109,782

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, 2021 and 2020, respectively. Each share has one voting right and a right to receive dividends.

## B. Capital surplus

	As of December 31,	
	2021	2020
Additional paid-in capital	\$4,291	\$40,387
Treasury share transactions	713,128	664,396
Changes in net assets of associates and joint ventures accounted for under the equity method	104,433	106,221
Donated surplus	2,959	2,959
Total	<u>\$824,811</u>	<u>\$813,963</u>

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, 2021 and 2020, 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 remains as past in business environment. 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.

Following the order Financial-Supervisory-Securities-Corporate-NO. 1090150022, issued on March 31, 2021, upon a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. When there is subsequently any use, disposal, or reclassification of the relevant assets, the company may reverse and book for earnings distribution the corresponding proportion originally allocated to special reserve. The Company has appropriated NT\$41,718 thousand special reserve to undistributed earnings. As of December 31, 2021 and 2020, the special reserve were NT\$100,384 thousand and NT\$58,666 thousand, respectively.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 15, 2022 and July 2, 2021, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$249,266	\$229,621		
Special reserve	(85,032)	41,718		
Common stock-cash dividend	2,255,985	2,219,890	\$5	\$4.92

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 July 2, 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,	
	2021	2020
Beginning balance after retrospective application	\$459,044	\$444,908
Profit attributable to non-controlling interests	52,201	48,328
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	(148)	2,207
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	10,585	(513)
Remeasurements of defined benefit plan	195	(1,602)
Disposal of equity instrument at fair value through other comprehensive income	-	(165)
Share of changes in joint venters accounted for using the equity method	7	21
Cash dividend from subsidiaries	(42,387)	(37,590)
Capital reduction from subsidiaries	(9,751)	-
Cash capital increase of subsidiaries	11,760	-
Acquisition of shares published by subsidiaries	(72,029)	(8,975)
Changes in parent's interest in subsidiaries	(125)	-
Grant to employee	-	1,000
Others	1,010	11,425
Ending balance	<u>\$410,362</u>	<u>\$459,044</u>

## (20) Operating revenue

	For the years ended December 31,	
	2021	2020
Revenue from contracts with customers		
Sale of goods revenue	\$1,618,814	\$1,553,380
Rendering of service revenue	12,232,125	11,894,798
Subtotal	13,850,939	13,448,178
Other revenue	283,958	258,187
Total	<u>\$14,134,897</u>	<u>\$13,706,365</u>



Analysis of revenue from contracts with customers during the years ended December 31, 2021 and 2020 is as follows:

#### A. Classification of revenue

For the year ended December 31, 2021:

	Electronic Systems Department	Security Services Department	Cash Delivery Department	Logistics Department	Other Department	Total
Sale of goods	\$704,240	\$-	\$-	\$160,832	\$753,742	\$1,618,814
Rendering of services	6,063,215	2,326,606	1,163,160	886,098	1,793,046	12,232,125
Total	<u>\$6,767,455</u>	<u>\$2,326,606</u>	<u>\$1,163,160</u>	<u>\$1,046,930</u>	<u>\$2,546,788</u>	<u>\$13,850,939</u>

Timing of revenue  
recognition:

At a point in time	\$704,240	\$-	\$-	\$160,832	\$753,742	\$1,618,814
Over time	6,063,215	2,326,606	1,163,160	886,098	1,793,046	12,232,125
Total	<u>\$6,767,455</u>	<u>\$2,326,606</u>	<u>\$1,163,160</u>	<u>\$1,046,930</u>	<u>\$2,546,788</u>	<u>\$13,850,939</u>

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	<u>\$6,635,832</u>	<u>\$2,280,110</u>	<u>\$1,100,163</u>	<u>\$944,826</u>	<u>\$2,487,247</u>	<u>\$13,448,178</u>

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	<u>\$6,635,832</u>	<u>\$2,280,110</u>	<u>\$1,100,163</u>	<u>\$944,826</u>	<u>\$2,487,247</u>	<u>\$13,448,178</u>

#### B. Contract balances

##### a. Contract assets - current

	2021.12.31	2020.12.31	2020.1.1
Rendering of services	<u>\$327,088</u>	<u>\$120,316</u>	<u>\$122,204</u>
Total	<u>\$327,088</u>	<u>\$120,316</u>	<u>\$122,204</u>

Based on whether the Company obtained an unconditional right to receive the consideration then transferred tract assets to trade receivables when the unconditional right exists.

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

b. Contract liabilities – current and non-current

	2021.12.31	2020.12.31	2020.1.1
Current	\$1,301,963	\$1,283,052	\$1,287,933
Non-current	18,901	30,432	-
Total	<u>\$1,320,864</u>	<u>\$1,313,484</u>	<u>\$1,287,933</u>

The significant changes in the Group's balances of contract liabilities during the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
The opening balance transferred to revenue	\$(1,220,734)	\$(1,216,122)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,228,114	1,241,673

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT\$1,320,864 thousand as of December 31, 2021. Management expects that 93% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2022. The remaining amount will be recognized during the 2023 financial year.

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.

D. Assets recognized from costs to fulfil a contract

None.

(21) Expected credit losses

	For the years ended December 31,	
	2021	2020
Operating expenses - Expected credit losses		
Contract assets	\$-	\$-
Trade receivables	5,220	5,208
Subtotal	5,220	5,208
Non-operating income and expenses - Expected credit losses		-
Financial assets measured at amortized cost	-	-
Total	\$5,220	\$5,208

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 is as follows:

A. The loss allowance of contract asset amounted 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, 2021

Group 1	Not yet due (note)	Overdue					Total
		1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	
Gross carrying amount	\$1,069,212	\$46,682	\$9,078	\$976	\$879	\$13,239	\$1,140,066
Loss ratio	0-5%	3-10%	10-30%	30-60%	60-80%	80-100%	
Lifetime expected credit losses	(3,403)	(1,738)	(1,857)	(390)	(596)	(13,239)	(21,223)
Subtotal	1,065,809	44,944	7,221	586	283	-	1,118,843

Group 2	Overdue						Total
	Not yet due	1-90	91-180	181-270	271-365		
	(note)	days	days	days	days	>=365 days	
Gross carrying amount	\$558,721	\$28,837	\$586	\$145	\$-	\$14,832	\$603,121
Loss ratio	0-2%	0-2%	1-10%	10-50%	50-90%	90-100%	
Lifetime expected credit losses	(444)	(3)	(25)	(64)	-	(14,832)	(15,368)
Subtotal	558,277	28,834	561	81	-	-	587,753
Total							<u>\$1,706,596</u>

### As of December 31, 2020

Group 1	Overdue						Total
	Not yet due	1-90	91-180	181-270	271-365		
	(note)	days	days	days	days	>=365 days	
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	Overdue						Total
	Not yet due	1-90	91-180	181-270	271-365		
	(note)	days	days	days	days	>=365 days	
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							<u>\$1,511,612</u>

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, 2021 and 2020 is as follows:

	Trade receivables	Notes receivable	Others (Note)
Balance as of January 1, 2021	\$31,579	\$-	\$-
Addition/(reversal) for the current period	5,220	-	-
Write off	(3,431)	-	-
Others	3,223	-	-
Balance as of December 31, 2021	<u>\$36,591</u>	<u>\$-</u>	<u>\$-</u>
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	<u>\$31,579</u>	<u>\$-</u>	<u>\$-</u>

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 is as follows:

#### a. Amounts recognized in the balance sheet

##### (i) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2021	2020
Land and land improvement	\$46,737	\$45,626
Buildings	470,652	666,402
Transportation equipment	124,410	100,737
Other equipment	2,853	6,135
Total	<u>\$644,652</u>	<u>\$818,900</u>

During the year 2021 and 2020, the Group's additions to right-of-use assets

amounted to NT\$165,877 thousand and NT\$654,816 thousand, respectively.

(ii) Lease liabilities

	As of December 31,	
	2021	2020
Lease liabilities	\$643,580	\$819,777
Current	\$248,791	\$303,816
Non-current	394,789	515,961

Please refer to Note 6(24)(4) for the interest on lease liabilities recognized during the year 2021 and 2020 and refer to Note 12(D) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2021 and 2020.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2021	2020
Land and land improvement	\$20,070	\$18,804
Buildings	277,731	269,878
Transportation equipment	31,690	26,966
Other equipment	3,281	3,853
Total	\$332,772	\$319,501

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2021	2020
The expenses relating to short-term leases	\$31,246	\$32,985
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	16,470	16,033
Total	\$47,716	\$49,018

For the rent concession arising as a direct consequence of the covid-19 pandemic, the Company recognized as reduction in rental expenses for the years ended December 31, 2021 and 2020 were NT\$0 thousand and NT\$93 thousand, respectively, 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 amounted to NT\$392,933 thousand and NT\$376,695 thousand for the years ended December 31, 2021 and 2020, respectively.

e. Other information relating to leasing activities

(i) 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,	
	2021	2020
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$292,488	\$267,213
Subtotal	292,488	267,213
Lease income for finance leases		
Selling profit or loss	9,387	7,599
Finance income on the net investment in the lease	5,621	5,150
Subtotal	15,008	12,749
Total	\$307,496	\$279,962

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, 2021 and 2020 are as follows:

	As of December 31,	
	2021	2020
Within one year	\$226,987	\$204,625
Beyond one year but not later than two years	26,794	12,527
Beyond two years but not later than three years	4,864	4,014
Beyond three years but not later than four years	1,948	3,366
Beyond four years but not later than five years	72	2,356
Beyond five years	-	400
Total	<u>\$260,665</u>	<u>\$227,288</u>

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, 2021 and 2020 are as follow:

	As of December 31,	
	2021	2020
Within one year	\$74,537	\$65,949
Beyond one year but not later than two years	77,158	58,077
Beyond two years but not later than three years	53,307	57,406
Beyond three years but not later than four years	34,600	33,555
Beyond four years but not later than five years	19,752	14,848
Beyond five years	3,292	-
Total undiscounted lease payment	<u>262,646</u>	<u>229,835</u>
Less: Unearned finance income to finance leases	(11,547)	(11,494)
Less: loss allowance	-	-
Net investment in the lease (Finance lease receivables)	<u>\$251,099</u>	<u>\$218,341</u>
Current	\$69,685	\$60,976
Non-current	181,414	157,365



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

	For the years ended December 31,					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$3,680,649	\$1,510,203	\$5,190,852	\$3,592,442	\$1,447,977	\$5,040,419
Labor and health insurance	397,555	121,941	519,496	361,295	110,829	472,124
Pension	208,708	63,863	272,571	229,523	63,283	292,806
Other employee benefits expense	191,167	42,182	233,349	183,863	40,941	224,804
Depreciation	1,171,636	253,858	1,425,494	1,181,030	239,860	1,420,890
Amortization	20,789	40,942	61,731	17,688	40,305	57,993

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, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 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, 2021 amounted to NT\$29,397 thousand and NT\$117,589 thousand, respectively.

A resolution was passed at a Board of Directors meeting held on March 15, 2022 to distribute NT\$29,435 thousand and NT\$117,741 thousand in cash as employees' compensation and remuneration to directors and supervisors of 2021, respectively.

No material differences exist between the estimated amount and the actual distribution of the employee compensation NT\$28,568 thousand and remuneration to directors and supervisors NT\$114,272 thousand for the year ended December 31, 2020.

(24) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2021	2020
Financial assets measured at amortized cost	\$1,292	\$1,884
Cash in banks	5,770	4,415
Short-term commercial papers	2,617	10,792
Others	343	486
Total	<u>\$10,022</u>	<u>\$17,577</u>

B. Other income

	For the years ended December 31,	
	2021	2020
Rental income	\$8,531	\$9,026
Dividend income	9,456	5,456
Other	34,308	61,681
Total	<u>\$52,295</u>	<u>\$76,163</u>

C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Loss on disposal of property, plant and equipment	\$(6,327)	\$(5,806)
Gain on disposal of investment property	-	33,155
Loss on disposal of intangible assets	(193)	-
Gain (loss) on disposal of investments	38,718	(3,034)
Foreign exchange loss, net	(1,344)	(2,004)
(Loss) gain or on financial assets at fair value through profit or loss (Note 1)	(88)	412
Impairment losses	(22,330)	(45,381)
(Loss) gain on lease modification	(541)	1,933
Other loss	(45,526)	(42,214)
Total	<u>\$(37,631)</u>	<u>\$(62,939)</u>

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,	
	2021	2020
Interest on borrowings from bank	\$39,431	\$30,100
Interest on lease liabilities	9,953	10,225
Total interest expenses	49,384	40,325
Unwinding of discount on provisions	-	-
Total finance costs	<u>\$49,384</u>	<u>\$40,325</u>

## (25) Components of other comprehensive income

For the year ended December 31, 2021

			Income tax relating to components of		
		Reclassification	Other	other	Other
	Arising during the	adjustments	comprehensive	comprehensive	comprehensive
	period	during the period	income, before tax	income	income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(34,100)	\$-	\$(34,100)	\$3,353	\$(30,747)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	68,412	-	68,412	628	69,040
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	21,562	-	21,562	-	21,562
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	5,379	-	5,379	-	5,379
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(11,989)	-	(11,989)	-	(11,989)
Total of other comprehensive (loss) income	<u>\$49,264</u>	<u>\$-</u>	<u>\$49,264</u>	<u>\$3,981</u>	<u>\$53,245</u>

For the year ended December 31, 2020

				Income tax relating to components of	
	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	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)

(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,	
	2021	2020
Current income tax expense (income):		
Current income tax charge	\$512,897	\$543,844
Adjustments in respect of current income tax of prior periods	(26,454)	7,879
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	19,368	(6,134)
Deferred tax expense (income) relating to origination and reversal of tax loss and tax credit	(497)	2,380
Other components of deferred tax expense	1,246	(239)
Total income tax expense (income)	\$506,560	\$547,730

Income tax relating to components of other comprehensive income

	For the years ended	
	December 31,	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$(3,353)	\$(15,868)
Unrealized gains (losses) from equity instruments		
investments measured at fair value through other		
comprehensive income	(628)	(361)
Income tax relating to components of other comprehensive		
income	\$(3,981)	\$(16,229)

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,	
	2021	2020
Accounting profit before tax from continuing operations	\$3,085,445	\$2,984,958
Tax at the domestic rates applicable to profits in the country		
concerned	\$617,089	\$596,992
Investment tax credit and loss carryforward	650	(1,659)
Tax effect of deferred tax assets / liabilities	(276)	(15,072)
Tax effect of revenues exempt from taxation	(83,555)	(61,186)
Tax effect of non-deductible expenses from taxation	279	1,243
Adjustments in respect of current income tax of prior periods	(26,454)	7,879
5% surtax on unappropriated retained earnings	53	18,817
Others	(1,226)	716
Total income tax expense recognized in profit or loss	\$506,560	\$547,730

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2021
Temporary differences				
Unrealized bad debt expense	\$4,246	\$478	\$-	\$4,724
Inventory valuation and obsolescence loss	3,030	(191)	-	2,839
Depreciation difference for tax purpose	14,685	(402)	-	14,283
Investments accounted for using the equity method	-	-	-	-
Compensation for unused vacation	21,192	732	-	21,924
Decommissioning costs	1,440	-	-	1,440
Defined benefit liabilities, non-current	213,994	(7,702)	3,353	209,645
Loss deduction	24,722	(12,997)	-	11,725
Impairment losses	149,186	-	-	149,186
Others	2,700	1,211	628	4,539
Deferred tax (expense)/income		<u>\$(18,871)</u>	<u>\$3,981</u>	
Net deferred tax assets/(liabilities)	<u>\$435,195</u>			<u>\$420,305</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$435,195</u>			<u>\$420,305</u>

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)	-	-
Compensation for unused vacation	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		<u>\$3,754</u>	<u>\$16,229</u>	
Net deferred tax assets/(liabilities)	<u>\$415,212</u>			<u>\$435,195</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$415,212</u>			<u>\$435,195</u>

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

Year	Tax losses for the period	Unused tax losses as of		Expiration year
		December 31, 2021	December 31, 2020	
2010	\$-	\$-	\$116,306	2020
2011	32,268	32,268	32,268	2021
2012	11,154	11,154	11,154	2022
2013	30,352	23,973	27,329	2023
2014	158	-	8,595	2024
2015	2,988	-	9,982	2025
2016	22,825	18,562	37,428	2026
2017	95,601	91,839	89,212	2027
2018	19,007	19,007	12,502	2028
2019	46,759	24,348	21,642	2029
2020	199,318	124,044	170,422	2030
2021	106,751	103,102	-	2031
		<u>\$448,297</u>	<u>\$536,840</u>	

#### Unrecognized deferred tax assets

As of December 31, 2021 and 2020, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amounted to NT\$77,934 thousand and NT\$58,592 thousand, respectively.

#### The assessment of income tax returns

As of December 31, 2021, 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 2019	-
Speed Investment Co., Ltd.	Assessed and approved up to 2019	-
Goyun Security Co., Ltd.	Assessed and approved up to 2019	-
Gowin Building Management and Maintenance Co., Ltd.	Assessed and approved up to 2019	-
Gowin Security Co., Ltd.	Assessed and approved up to 2019	-
KuoHsing Security Co., Ltd.	Assessed and approved up to 2019	-
LeeBao Security Co., Ltd.	Assessed and approved up to 2019	-
LeeBao Technology Co., Ltd.	Assessed and approved up to 2019	-
Lee Way Electronics Co., Ltd.	Assessed and approved up to 2019	-
Titan Star International Co., Ltd.	Assessed and approved up to 2019	-
Goldsun Express & Logistics Co., Ltd.	Assessed and approved up to 2019	-
Goldsun Express Ltd.	Assessed and approved up to 2019	-
Taiwan Secom Insurance Brokerage Services Inc.	Assessed and approved up to 2019	-

	The assessment of income tax returns	Notes
Babyboss Co., Ltd.	Assessed and approved up to 2020	-
Chung Hsing E-Guard Co., Ltd.	Assessed and approved up to 2019	-
SVS Corporation	Assessed and approved up to 2021	-
Brighton Technology and Engineering Corporation	Assessed and approved up to 2019	-
Taiwan Video System Corporation	Assessed and approved up to 2020	-
Lots Home Entertainment Co., Ltd.	Assessed and approved up to 2019	-
Aion Technologies Inc.	Assessed and approved up to 2019	-
Ching-Dian Tech Co., Ltd.	Assessed and approved up to 2019	-
Goyun Technology Co., Ltd.	Assessed and approved up to 2019	-
Comlink Fire Systems Inc.	Assessed and approved up to 2019	-
TransAsia Catering Services Ltd.	Assessed and approved up to 2019	-
Gowin Smart Parking Co., Ltd.	Assessed and approved up to 2019	-
Chung Po Rental Co., Ltd.	Assessed and approved up to 2019	-
SIGMU D.P.T. Company Ltd.	Assessed and approved up to 2019	-
Lee Yuan Biomedical Co., Ltd.	Assessed and approved up to 2019	-
Livingplus Food and Beverage Co. Ltd.	Assessed and approved up to 2019	-
Jiansheng International Co., Ltd.	Assessed and approved up to 2019	-
Sunseap Solutions Taiwan Limited	Assessed and approved up to 2020	-
Epic Tech Taiwan Inc.	-	Established in 2020.
Sphinx Foods Company Limited	Assessed and approved up to 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,	
	2021	2020
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$2,526,684	\$2,388,900
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	440,923	440,923
Basic earnings per share (NT\$)	\$5.73	\$5.42



	For the years ended December 31,	
	2021	2020
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$2,526,684	\$2,388,900
Employee bonus (in thousands)	-	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	<u>\$2,526,684</u>	<u>\$2,388,900</u>
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)	<u>283</u>	<u>322</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>\$441,206</u>	<u>\$441,245</u>
Diluted earnings per share (NT\$)	<u>\$5.73</u>	<u>\$5.41</u>

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 36.7% and 3.75% of the voting shares of Ching-Dian Tech Co., Ltd. and Living Plus Food & Beverage Co., Ltd. in April 2021, respectively, increasing its ownership to 100%. Cash considerations of NT\$61,690 thousand and NT\$875 thousand, respectively, were paid to those non-controlling interest shareholders. Non-controlling interests were decreased by NT\$61,690 thousand and NT\$875 thousand, respectively.

The Group acquired an additional 30% of the voting shares of Taiwan Secom Insurance Brokerage Services Inc. in June 2021, increasing its ownership to 100%. A cash consideration of NT\$9,464 thousand was paid to the non-controlling interest shareholders. Non-controlling interest was decreased by NT\$9,464 thousand.

The Group acquired an additional 12.09% of the voting shares of SIGMU D.P.T. Company Ltd. In 2021, 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.

### Disposal of subsidiaries

SVS Corporate was dissolved in May 2021. The gain of dissolution was NT\$2,507 thousand and accounted to gain on disposal of investments.

Taiwan Video System Co., Ltd. was dissolved in October 2020. The gain of dissolution was NT\$0 thousand and accounted to gain on disposal of investments.

## 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

<u>Related Party Name</u>	<u>The Relationship with the Group</u>
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
Taipei Port Terminal Company Limited	Associate
HQ Design Co., Ltd.	Other related party
(2020: Wellchang Interior Design and Decoration Co., Ltd.)	
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,	
	2021	2020
Associates	\$1,059,263	\$890,895
Other related parties	3,412	762
Total	<u>\$1,062,675</u>	<u>\$891,657</u>

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 15-120 days, while for third party domestic sales was month-end 15-120 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,	
	2021	2020
Associates		
Goldsun Building Materials Co., Ltd.	\$142,855	\$64,731
Anfeng Enterprise Co., Ltd.	113,589	83,831
Others	1,599	1,012
Subtotal	258,043	149,574
Other related parties	140	85
Total	258,183	149,659
Less: loss allowance	-	-
Net	\$258,183	\$149,659

(3) Trade and other payables to related parties

	As of December 31,	
	2021	2020
Entity with joint control or significant influence over the Company	\$755	\$834
Associates	22,206	11,914
Other related parties	3,394	384
Total	\$26,355	\$13,132

(4) Right-of-use asset

	As of December 31,	
	2021	2020
Associates	\$19,458	\$24,947
Other related parties	20,601	20,075
Total	\$40,059	\$45,022

The lease deposits to related parties amounted to NT\$2,024 thousand and NT\$2,169 thousand as of December 31, 2021 and 2020, respectively.

(5) Lease liabilities

	As of December 31,	
	2021	2020
Associates	\$19,744	\$25,306
Other related parties	20,708	20,250
Total	<u>\$40,452</u>	<u>\$45,556</u>

(6) Lease expenditure

	For the years ended December 31,	
	2021	2020
Associates	\$360	\$360
Other related parties	10	-
Total	<u>\$370</u>	<u>\$360</u>

(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,	
	2021	2020
Entity with joint control or significant influence over the Company	\$5,156	\$7,024
Associates	1,544	893
Other related parties	34,004	13,391
Total	<u>\$40,704</u>	<u>\$21,308</u>

The Group sold electronic anti-theft equipment, electronic fireproof equipment and rental decoration equipment to associates amounted to NT\$0 thousand as of December 31, 2021 and 2020. The Group recognized gain on disposal of property, plant and equipment of NT\$0 thousand.

(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\$45,606 thousand and NT\$46,045 thousand for the years ended December 31, 2021 and 2020, respectively. The royalty payable was NT\$22,654 thousand and NT\$22,959 thousand as of December 31, 2021 and 2020, respectively, which was recognized as other payables.

(9) Key management personnel compensation

	For the years ended December 31,	
	2021	2020
Short-term employee benefits	\$251,506	\$240,182
Post-employment benefits	2,099	2,061
Total	<u>\$253,605</u>	<u>\$242,243</u>

8. Assets Pledged as Security

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

				Carrying amount		
				December 31,	December 31,	
Assets pledged for security				2021	2020	Secured liabilities
Financial assets measured at				\$51,510	\$56,080	Contract security deposit
amortized cost, current						
Financial assets measured at				137,154	60,775	Contract security deposit and
amortized cost, non-current						oil passbook guarantee
Property, plant and equipment - land				314,272	234,130	Long-term loans
and buildings						
Investment properties - buildings				3,185	-	Short-term loans
Total				<u>\$506,121</u>	<u>\$350,985</u>	

9. Commitments and Contingencies

The performance guarantee issued by bank as of December 31, 2021 for customs declaration and bids for Government projects are NT\$303,152 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

In accordance with the resolution of the Board of Directors' meeting on May 13, 2021, the Company acquired 12,010,227 shares of Golden Harvest Food Enterprise Ltd. with a cash consideration of NT\$520,874 thousand on January 3, 2022. Upon the transaction completed, the Company will hold approximately 97.84% of voting rights of Golden Harvest Food Enterprise Ltd. All shares had been delivered on January 3, 2022.

## 12. Others

### (1) Categories of financial instruments

<u>Financial assets</u>	As of December 31,	
	2021	2020
Financial assets designated at fair value through profit or loss	\$43,158	\$1,108
Financial assets at fair value through other comprehensive income	474,213	389,514
Financial assets measured at amortized cost:		
Cash and cash equivalents	3,211,379	4,045,867
Financial assets measured at amortized cost	499,532	463,412
Trade receivables	1,706,596	1,511,612
Refundable deposits	350,770	371,114
Subtotal	5,768,277	6,392,005
Total	\$6,285,648	\$6,782,627
<u>Financial liabilities</u>	As of December 31,	
	2021	2020
Financial liabilities at amortized cost:		
Short-term loans	\$500,000	\$1,600,000
Short-term bills payable	50,000	150,000
Trade and other payables	3,224,820	2,868,347
Long-term loans (include expired within one year)	3,185,961	2,016,000
Lease liabilities	643,580	819,777
Guarantee deposits	648,061	660,104
Total	\$8,252,422	\$8,114,228

### (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 activities. 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 variables. In other words, there is usually interdependency between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependency 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 self-fulfilled. 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 is as follows:

- A. When NTD strengthens/weakens against USD by 10%, the profit for the years ended December 31, 2021 and 2020 is increased/decreased by NT\$7,388 thousand and NT\$7,428 thousand, respectively.
- B. When NTD strengthens/weakens against RMB by 10%, the profit for the years ended December 31, 2021 and 2020 is increased/decreased by NT\$81 thousand and NT\$12 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\$3,686 thousand and NT\$3,616 thousand for the years ended December 31, 2021 and 2020, 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\$31,403 thousand and NT\$28,660 thousand on the equity attributable to the Group for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, 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, 2021					
Borrowings	\$1,680,087	\$1,934,168	\$23,690	\$101,669	\$3,739,614
Short-term bills payable	50,000	-	-	-	50,000
Trade and other payables	3,224,820	-	-	-	3,224,820
Lease liabilities	256,598	237,949	84,152	91,014	669,713
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

Notes:

1. Including cash flows resulted from short-term leases or leases of low-value assets.
2. Information about the maturities of lease liabilities is provided in the table below:

	Maturities					
	Less than 1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	Total
2021.12.31	\$248,791	\$271,601	\$60,394	\$60,407	\$2,387	\$643,580
2020.12.31	303,816	378,167	67,169	65,876	4,749	819,777

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 2021 is as follows:

	Short-term loans	Long-term loans	Lease liabilities	Short-term bills payable	Balance of liabilities arising from financing activities
2021.1.1	\$1,600,000	\$2,016,000	\$819,777	\$150,000	\$4,585,777
Cash flow	(1,100,000)	1,169,961	(345,217)	(100,000)	(375,256)
Non-cash changes	-	-	169,020	-	169,020
2021.12.31	\$500,000	\$3,185,961	\$643,580	\$50,000	\$4,379,541

Information of reconciliation for liabilities during 2020 is as follows:

	Short-term loans	Long-term loans	Lease payables	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

(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:

- The carrying amount of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their fair value due to their short maturities.
- 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, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	\$1,020	\$-	\$-	\$1,020
Financial assets at fair value through other comprehensive income	42,138	-	-	42,138
Equity instrument measured at fair value through other comprehensive income	314,027	-	160,186	474,213

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

#### Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2021 and 2020, 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, 2021	\$102,912
Total losses recognized for the year ended December 31, 2021:	
Amount recognized in OCI (present in unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	41,489
Acquisition/issue for the year ended December 31, 2021	23,512
Disposition/acquittance for the year ended December 31, 2021	(7,727)
Ending balances as of December 31, 2021	\$160,186

	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

### 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, 2021

	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\$17,490 thousand

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 Group's profit or loss by NT\$10,571 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 analyzed the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as 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, 2021

	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)	\$-	\$-	\$100,253	\$100,253
Investments accounted for using the equity method (please refer to Note 6)	5,455,454	-	-	5,455,454

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

(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, 2021		
	Foreign currencies	Foreign exchange rate	NTD (thousand)
<u>Financial assets</u>			
Monetary items:			
USD	\$3,006,613	27.6800	\$83,223
EURO	517	31.3201	16
RMB	186,771	4.3440	811

Financial liabilities

Monetary items:

USD	337,478	27.6800	9,341
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	December 31, 2020		
	Foreign currencies	Foreign exchange rate	NTD (thousand)
<u>Financial assets</u>			
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
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The consolidated entities' functional currencies are various, so it 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\$(1,344) thousand and NT\$(2,004) thousand for the years ended December 31, 2021 and 2020, 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, 2021		
	Shares	Amount	Purpose of holding
Speed Investment Co., Ltd.	3,447,198	\$358,509	Financial assets at fair value through other comprehensive income
Kuo Hsing Security Co., Ltd	3,625,284	377,029	Financial assets at fair value through other comprehensive income
Gowin Building Management and Maintenance Co., Ltd.	2,232,564	232,187	Financial assets at fair value through other comprehensive income
Goyun Security Co., Ltd.	252,820	26,293	Financial assets at fair value through other comprehensive income
Chung Hsing E-Guard Co., Ltd.	552,655	57,476	Financial assets at fair value through other comprehensive income
Lee Way Electronics Co., Ltd.	163,284	16,982	Financial assets at fair value through other comprehensive income
Total	<u>10,273,805</u>	<u>\$1,068,476</u>	



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
Kuo Hsing Security Co., Ltd	3,625,284	321,563	Financial assets at fair value through other comprehensive income
Gowin Building Management and Maintenance 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	<u>10,273,805</u>	<u>\$911,287</u>	

### 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: Please refer to Attachment 6.
- 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) Static guard 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, 2021

	Electronic system segment	Static guard service segment	Cash delivery segment	Logistics service segment	Subtotal	Other operating segments	Adjustment and elimination	Consolidated
Revenue								
External customer	\$6,767,455	\$2,326,606	\$1,163,160	\$1,106,245	\$11,363,466	\$2,771,431	\$-	\$14,134,897
Inter-segment	171,423	265,167	370,574	17,573	824,737	1,191,730	(2,016,467)	-
Total revenue	<u>\$6,938,878</u>	<u>\$2,591,773</u>	<u>\$1,533,734</u>	<u>\$1,123,818</u>	<u>\$12,188,203</u>	<u>\$3,963,161</u>	<u>\$(2,016,467)</u>	<u>\$14,134,897</u>
Interest revenue	\$1,622	\$593	\$252	\$445	\$2,912	\$8,195	\$(1,085)	\$10,022
Interest expenses	32,004	138	10,099	1,954	44,195	6,374	(1,185)	49,384
Depreciation and amortization	1,065,902	11,481	70,480	91,417	1,239,280	247,945	-	1,487,225
Other material non-cash items:								
Impairment of assets	26,077	-	-	-	26,077	12,641	-	38,718
Segment profit	<u>\$2,555,392</u>	<u>\$503,247</u>	<u>\$571,362</u>	<u>\$63,320</u>	<u>\$3,693,321</u>	<u>\$836,320</u>	<u>\$(1,444,196)</u>	<u>\$3,085,445</u>
Assets								
Investment accounted for using the equity method	<u>\$9,789,895</u>	<u>\$868,336</u>	<u>\$52,781</u>	<u>\$37,321</u>	<u>\$10,748,333</u>	<u>\$4,980,449</u>	<u>\$(11,616,671)</u>	<u>\$4,112,111</u>
Segment assets	<u>\$19,617,219</u>	<u>\$2,137,193</u>	<u>\$3,149,609</u>	<u>\$1,174,646</u>	<u>\$26,078,667</u>	<u>\$10,531,372</u>	<u>\$(12,997,095)</u>	<u>\$23,612,944</u>
Segment liabilities	<u>\$8,009,001</u>	<u>\$351,353</u>	<u>\$1,662,360</u>	<u>\$450,755</u>	<u>\$10,473,469</u>	<u>\$1,704,446</u>	<u>\$(583,550)</u>	<u>\$11,594,365</u>

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	<u>\$6,811,514</u>	<u>\$2,548,640</u>	<u>\$1,407,349</u>	<u>\$1,016,249</u>	<u>\$11,783,752</u>	<u>\$3,685,875</u>	<u>\$(1,763,262)</u>	<u>\$13,706,365</u>
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	<u>\$2,516,808</u>	<u>\$508,346</u>	<u>\$525,446</u>	<u>\$66,069</u>	<u>\$3,616,669</u>	<u>\$697,859</u>	<u>\$(1,329,570)</u>	<u>\$2,984,958</u>
Assets								
Investment accounted for using the equity method	<u>\$9,527,725</u>	<u>\$802,868</u>	<u>\$25,724</u>	<u>\$37,175</u>	<u>\$10,393,492</u>	<u>\$4,336,163</u>	<u>\$(11,117,558)</u>	<u>\$3,612,097</u>
Segment assets	<u>\$19,100,705</u>	<u>\$2,000,803</u>	<u>\$2,882,750</u>	<u>\$1,128,476</u>	<u>\$25,112,734</u>	<u>\$10,101,756</u>	<u>\$(12,045,063)</u>	<u>\$23,169,427</u>
Segment liabilities	<u>\$7,861,137</u>	<u>\$355,800</u>	<u>\$1,592,387</u>	<u>\$424,838</u>	<u>\$10,234,162</u>	<u>\$1,604,823</u>	<u>\$(368,170)</u>	<u>\$11,470,815</u>

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,	
	2021	2020
Total revenue from reportable segments	\$12,188,203	\$11,783,752
Other revenue	3,963,161	3,685,875
Elimination of inter-segment revenue	(2,016,467)	(1,763,262)
Total revenue	<u>\$14,134,897</u>	<u>\$13,706,365</u>

B. Profit or loss:

	For the years ended December 31,	
	2021	2020
Total profit or loss for reportable segments	\$3,693,321	\$3,616,669
Other profit	836,320	697,859
Elimination of inter-segment profit	(1,444,196)	(1,329,570)
Profit before tax from continuing operations	<u>\$3,085,445</u>	<u>\$2,984,958</u>

C. Assets:

	As of December 31,	
	2021	2020
Total assets of reportable segments	\$26,078,667	\$25,112,734
Other assets	10,531,372	10,101,756
Elimination of investment accounted for using the equity method	(11,616,671)	(11,117,558)
Elimination of intersegment activities	(1,380,424)	(927,505)
Segment assets	<u>\$23,612,944</u>	<u>\$23,169,427</u>

D. Liabilities:

	As of December 31,	
	2021	2020
Total liabilities of reportable segments	\$10,473,469	\$10,234,162
Other liabilities	1,704,446	1,604,823
Elimination of intersegment activities	(583,550)	(368,170)
Segment liabilities	<u>\$11,594,365</u>	<u>\$11,470,815</u>

E. Other material items:

For the year ended December 31, 2021

	Reportable segments	Other operating segments	Adjustments	Consolidated
Interest income	\$2,912	\$8,195	\$(1,085)	\$10,022
Interest expenses	44,195	6,374	(1,185)	49,384
Depreciation and amortization	1,239,280	247,945	-	1,487,225
Impairment of assets	26,077	12,641	-	38,718

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	248,220	-	1,478,883
Impairment of assets	-	(3,034)	-	(3,034)

(3) Geographical information

Revenue from external customers

	For the years ended December 31,	
	2021	2020
	<u>\$14,134,897</u>	<u>\$13,706,365</u>
Taiwan		

## 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)
	<u>For the year ended 2021</u>						
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Revenues	\$(24,614)	Note 4	-
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Costs	228,006	Note 4	2%
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Other payables	27,178	-	-
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Accrued expenses	27,177	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Revenues	14,514	Note 4	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Costs	139,030	Note 4	1%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Accounts payable	169,917	-	1%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Guarantee deposits	30,000	-	-
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Costs	114,636	Note 4	1%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Accounts payable	43,676	-	-
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	1	Revenues	18,998	Note 4	-
0	Taiwan Secom Co., Ltd.	Ching-Dian Tech Co., Ltd.	1	Revenues	32,560	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Revenues	44,719	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Accounts receivable	10,786	-	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Revenues	40,549	Note 4	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Accounts receivable	24,136	-	-
0	Taiwan Secom Co., Ltd.	Gowin Building Management Services Co., Ltd.	1	Revenues	12,542	Note 4	-
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	1	Revenues	10,359	Note 4	-
1	Titan Star International Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	589,129	Note 4	4%
2	Aion Technologies Inc.	Taiwan Secom Co., Ltd.	2	Revenues	320,698	Note 4	2%
3	Goyun Security Co., Ltd.	KuoHsing Security Co., Ltd.	3	Revenues	59,593	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.

(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	Amount of sales to			Reason for financing	Loss allowance	Collateral		Limit of financing	Limit of total
								Interest rate	Nature of financing	(purchases from) counter-party			Item	Value		
1	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	Other receivables - related parties	Yes	\$60,000	\$60,000	\$53,000	-	(Note 6(2))	\$-	Business turnover	\$-	-	\$-	682,536 (Note 1)	1,365,071 (Note 2)
2	Speed Investment Co., Ltd.	SIGMU D.P.T. Company Ltd.	Other receivables - related parties	Yes	50,000	50,000	20,000	-	(Note 6(2))	-	Business turnover	-	-	-	682,536 (Note 1)	1,365,071 (Note 2)
3	Speed Investment Co., Ltd.	Living Plus Food & Beverage Co., Ltd.	Other receivables - related parties	Yes	20,000	20,000	20,000	-	(Note 6(2))	-	Business turnover	-	-	-	682,536 (Note 1)	1,365,071 (Note 2)
4	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	Other receivables - related parties	Yes	1,600,000	1,600,000	-	0.6%~0.9%	(Note 6(2))	-	Business turnover	-	-	-	2,321,643	4,643,287
5	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	Other receivables - related parties	Yes	600,000	600,000	-	0.6%~0.9%	(Note 6(2))	-	Business turnover	-	-	-	2,321,643 (Note 3 (1))	4,643,287 (Note 4)
6	Taiwan Secom Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	Other receivables - related parties	Yes	300,000	300,000	-	0.6%~0.9%	(Note 6(2))	-	Business turnover	-	-	-	2,321,643 (Note 3 (1))	4,643,287 (Note 4)
7	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	Other receivables related parties	Yes	80,000	80,000	-	0.6%~0.9%	(Note 6(2))	-	Business turnover	-	-	-	2,321,643 (Note 3 (1))	4,643,287 (Note 4)

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

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

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

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

- (1) If the financing is related to business transactions, financing to Taiwan Secom 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 Taiwan Secom Co., Ltd. shall not exceed 20% of the net assets values from the latest financial statements. Note 4: Total financing amount of Taiwan Secom Co., Ltd. shall not exceed 40% of the audited/reviewed net assets value of the most current period.

Note 5: 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 6: (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.

(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	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.	\$3,482,465 (Note 4)	\$30,000	\$-	\$-	\$-	0.00%	\$5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	An investee which holds directly 100% of equity interest.	3,482,465 (Note 4)	2,100,000	700,000	-	-	6.03%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	An investee which holds directly 83.77% of equity interest.	3,482,465 (Note 4)	50,000	50,000	-	-	0.43%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Gowin Building Management Services Co., Ltd.	An investee which holds directly 80.96% of equity interest.	3,482,465 (Note 4)	500,000	450,000	89,374	-	3.88%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	An investee which holds directly 73.75% of equity interest.	3,482,465 (Note 4)	50,000	-	-	-	0.00%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	An investee which holds directly 34.29% of equity interest.	3,482,465 (Note 4)	100,000	100,000	-	-	0.86%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Brighton Technology and Engineering Corporation	An investee which holds indirectly 96.12% of equity interest.	3,482,465 (Note 4)	500,000	500,000	-	-	4.31%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	SIGMU D.P.T. Company Ltd.	An investee which holds indirectly 96.12% of equity interest.	3,482,465 (Note 4)	30,000	30,000	-	-	0.26%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Gowin Smart Parking Co., Ltd.	An investee which holds indirectly 100% of equity interest.	3,482,465 (Note 4)	130,000	130,000	36,300	-	1.12%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	An investee which holds indirectly 100% of equity interest.	3,482,465 (Note 4)	30,000	-	-	-	0.00%	5,804,109 (Note 4)	Y	N	N
1	Aion Technologies Inc.	Brighton Technology and Engineering Corporation	An investee which holds directly 15.22% of equity interest.	58,850 (Note 1)	2,100	1,400	1,400	-	0.48%	58,850 (Note 1)	N	N	N
2	Gowin Building Management and Maintenance Co., Ltd.	Gowin Smart Parking Co., Ltd.	An investee which holds directly 100% of equity interest.	3,482,465 (Note 2)	50,000	50,000	-	-	5.66%	5,804,109 (Note 2)	N	N	N
2	Gowin Building Management and Maintenance Co., Ltd.	Taiwan Secom Co., Ltd.	Parent company	3,482,465 (Note 2)	3,310	3,310	3,310	-	0.37%	5,804,109 (Note 4)	N	Y	N
3	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	An investee which holds directly 84.1% of equity interest.	3,482,465 (Note 3)	25,000	-	-	-	0.00%	5,804,109 (Note 2)	N	N	N
3	Speed Investment Co., Ltd.	Sunseap Solutions Taiwan Limited	An investee which holds directly 51.00% of equity interest.	3,482,465 (Note 3)	10,000	10,000	-	-	0.29%	5,804,109 (Note 2)	N	N	N
4	Goyun Security Co., Ltd.	KuoHsing Security Co., Ltd.	An investee which holds indirectly 0.09% of equity interest.	59,593 (Note 5)	1,040	-	-	-	0.00%	5,804,109 (Note 3)	N	N	N

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

- (1) 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 2: 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 3: Limit of guarantee/endorsement amount of Gowin Building Management and Maintenance Co., Ltd. are as follows :

- (1) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.
- (2) Total guarantee amount for receiving party of the Company and its subsidiaries to net assets value of the Company shall not exceed 30%. Except for open-released parent company directly or indirectly owned exceed 90% of equity interest, and its amount to net assets value of parent company shall not exceed 10%. But not for the case of guarantee/endorsement among companies owned 100% equity interests by open-released parent company.
- (3) Beside abovementioned limit, guarantee/endorsement amount of an investee company that has a business relationship with the Company shall not exceed trading amount, which is higher between sales and purchases.

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

- (1) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.
- (2) Total guarantee amount for receiving party of the Company and its subsidiaries to net assets value of the Company shall not exceed 30%. Except for open-released parent company directly or indirectly owned exceed 90% of equity interest, and its amount to net assets value of parent company shall not exceed 10%. But not for the case of guarantee/endorsement among companies owned 100% equity interests by open-released parent company.
- (3) Beside abovementioned limit, guarantee/endorsement amount of an investee company that has a business relationship with the Company shall not exceed trading amount, which is higher between sales and purchases.

Note 5: A 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 KuoHsing 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, 2021 (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)	
<u>Taiwan Secom Co., Ltd.</u>	Listed companies stocks- Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	444,525	\$37,029	0.75%	\$83.30	
	Unlisted companies stocks- BlissCloud Group Holdings Corp	-	Financial assets at fair value through other comprehensive income-non-current	987,762				
	Top Taiwan VIII Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,191,666	26,352	4.41%	-	
	GAMA Pay Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,410,714	6,750	2.08%	22.11	
	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,591,367	42,457	3.01%	2.80	
	Global Securities Finance Corporation	-	Financial assets at fair value through other comprehensive income-non-current	29,102	291	10.61%	26.68	
	Raixin Quality Products Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,578,976	5,258	0.16%	10.00	
	Convertible Bond- Inline group Limited-USD 1,500,000	-	Financial assets at fair value through profit or loss	-	42,138	-	-	
<u>Lee Way Electronics Co., Ltd.</u>	Listed companies stocks- Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	163,284	16,982	0.04%	104.00	
	Unlisted companies stocks- Huijia Health Life Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	50,000	107	0.25%	2.14	
<u>LeeBao Technology Co., Ltd.</u>	Unlisted companies stocks- GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,239,180	33,061	8.26%	26.68	
<u>Ching-Dian Tech Co., Ltd.</u>	Listed companies stocks- Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	51,100	4,257	0.09%	83.30	
<u>Tital Star International Co., Ltd.</u>	Unlisted companies stocks- Golden Harvest Food Enterprise Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	896,148	12,484	7.30%	13.93	
	International Integrated Systems, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	497,227	10,770	0.68%	21.66	
	Oriental Life Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	182,500	2,542	7.30%	13.93	
<u>Chung Hsing E-Guard Co., Ltd.</u>	Listed companies stocks- Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	552,655	57,476	0.12%	104.00	

Securities held for the year ended December 31, 2021 (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)	
<u>KuoHsing Security Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	3,625,284	\$377,029	0.80%	\$104.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	281,000	17,225	0.78%	61.30	
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	468,837	39,054	0.79%	83.30	
<u>Gowin Building Management Services Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	2,232,564	232,187	0.49%	104.00	
<u>Lots Home Entertainment Co., Ltd.</u>	Unlisted companies stocks-							
	The Tag-Along Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	44,453	250	15.00%	5.62	
	Daxiao Creative Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,000,000	6,990	6.90%	6.99	
<u>Goyun Security Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	252,820	26,293	0.06%	104.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	181,500	11,126	0.50%	61.30	
<u>Speed Investment Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	3,447,198	358,509	0.76%	104.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	302,500	18,543	0.84%	61.30	
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	7,000	583	0.01%	83.30	
	Unlisted companies stocks-							
	Top Taiwan VI Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	335,000	3,469	2.17%	10.36	
	Mingfu Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	100,000	414	9.09%	4.14	
	Yuji Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	506,250	7,326	3.75%	14.47	
	Imperial Food Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	300,000	1,665	3.00%	5.55	
	Fund-							
	AsiaVest Opportunities Fund	-	Financial assets at fair value through profit or loss-current	200	1,020	0.74%	US\$184.19	
<u>TransAsia Catering Service Ltd.</u>	Fund-							
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at fair value through other comprehensive income-current	17,046,000	155,289	5.68%	9.11	
<u>Aion Technologies Inc.</u>	Listed companies stocks-							
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	366,345	30,516	0.62%	83.30	
	Taiwan Shin Kong Security Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	15,000	405	0.00%	27.00	

## 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)	
<u>Taiwan Secom Co., Ltd.</u>	Aion Technologies Inc.	Subsidiary accounted for using the equity method	Note 1	\$320,698	Note 1	30-60 days	-	-	\$(43,676)	7%	
	Anfeng Enterprise Co., Ltd.	Investee accounted for using the equity method	Sales	(227,180)	-3%	30-60 days	-	-	108,010	11%	
	LeeBao Security Co., Ltd.	Subsidiary accounted for using the equity method	Purchase	228,006	6%	30-60 days	-	-	(27,177)	5%	
	Titan Star International Co., Ltd.	Subsidiary accounted for using the equity method	Note 2	589,129	Note 2	30-60 days	-	-	(169,917)	29%	
<u>Goldsun Express &amp; Logistics Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Investee accounted for using the equity method	Note 3	(511,771)	Note 3	30 days	-	-	125,161	13%	

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

Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock

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

Company name	Counter-party	Relationship	Ending balance of receivables	Turnover rate (times)	Overdue receivables		Amount received in amount collection status subsequent period	Loss allowance
					Amount	Collection status		
Anfeng Enterprise Co., Ltd.	Taiwan Secom Co., Ltd.	Investee accounted for using the equity method	\$108,010	-	\$-	\$-	\$-	\$-

## Attachment 7-1

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		
<u>Taiwan Secom Co., Ltd.</u>	Speed Investment Co., Ltd.	Taipei City	Investment holding	\$138,200	\$415,130	258,534,739	100.00%	\$2,875,207	\$274,629	\$186,717
	LeeBao Security Co., Ltd.	Taipei City	Security services providing	198,006	198,006	83,983,458	100.00%	1,487,250	273,671	273,671
	Goyun Security Co., Ltd.	Kaohsiung City	Security services providing	40,034	40,034	27,705,510	100.00%	549,558	98,889	101,493
	Chung Hsing E-Guard Co., Ltd.	Taipei City	Sales of electric, telecommunications and fireproof products	20,000	66,976	2,000,000	100.00%	10,756	2,447	(417)
	Goldsun Express & Logistics Co., Ltd.	New Taipei City	Air cargo transporting services	613,878	613,878	59,464,914	100.00%	687,306	49,140	48,987
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	-	-	29,321,619	83.77%	598,707	209,746	160,195
	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	101,911	101,911	28,463,488	80.96%	512,228	186,577	140,102
	Aion Technologies Inc.	Taipei City	Technology support services	139,356	139,356	12,739,895	73.75%	202,614	54,464	42,098
	Taiwan Secom Insurance Brokerage Services Inc.	Taipei City	Insurance broker	13,063	3,600	912,600	90.00%	27,871	5,622	3,137
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	-	449,526	-	-	-	(224)	122
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	87,125	121,419	6,858,894	34.29%	107,934	63,148	16,176
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital video and movie distribution	186,480	43,676	683,920	1.93%	3,909	2,781	(1,415)
	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%	758,822	(22,160)	(14,940)
	SIGMU D.P.T. Co., Ltd.	Taipei City	Wholesale and installation of fire safety equipment	-	6,776	-	-	-	21,288	4,402
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	6,776	-	2,085,434	5.18%	26,819	21,317	4,725
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	1,257,922	1,253,441	77,705,747	6.59%	1,623,596	2,848,871	187,114
	TransAsia Airways Corp.	Taipei City	Aviation services	833,409	833,409	76,245,604	10.05%	-	-	-
	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%	14,497	5,892	1,768
	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%	293,338	(3,492)	(1,741)
	GALC Inc.	Taipei City	Manufacturing of metal structures and building components	9,000	-	900,000	30.00%	9,483	1,609	483
<u>Speed Investment Co., Ltd.</u>	Titan Star International Co., Ltd.	Taipei City	Manufacturing, selling and processing of security-related equipment and parts	272,396	272,396	97,502,010	100.00%	1,715,331	244,529	244,232
	SVS Corporation	Taipei City	Vehicles maintenance services	-	80,000	-	-	-	(3,717)	(5,318)
	Jiansheng International Co., Ltd.	Taipei City	Medical equipment and AED rental services	20,000	20,000	2,000,000	100.00%	20,301	243	238
	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	-	20,026	-	-	-	21,288	12,278
	Comlink Fire Systems Inc	Taoyuan City	Wholesale of fire safety equipment	-	85,938	-	-	-	(1,507)	(444)
	Babyboss Co., Ltd.	Taipei City	Educational and recreational services	-	152,308	-	-	-	-	5,616
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital video and movie distribution	375,568	375,568	29,865,578	84.10%	171,217	2,781	1,743
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	147,780	86,090	13,992,000	93.28%	152,465	9,988	(29,286)
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	103,446	150,376	9,385,856	46.93%	171,001	63,148	25,285
	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%	53,894	(22,160)	(805)
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	-	151,021	-	-	-	(224)	(106)
	Taiwan Secom Insurance Brokerage Services Inc.	Taipei City	Insurance broker	1,927	1,927	101,400	10.00%	3,097	5,622	552
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	89,181	89,181	8,472,699	0.72%	154,010	2,848,871	20,488
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	124,740	124,740	28,201,692	70.00%	335,931	21,317	15,491
	Livingplus Food and Beverage Co., Ltd.	Taipei City	Catering services	-	52,040	-	-	-	(17,288)	(8,543)
	Sunseap Solutions Taiwan Limited	Taipei City	Energy-saving solutions technology	15,300	3,060	1,530,000	51.00%	12,846	(2,690)	(1,393)
	Epic Tech Taiwan Inc.	Taipei City	Information management platform	31,200	31,200	3,120,000	78.00%	8,049	(20,131)	(17,897)
	Sphinx Foods Company Limited	Taipei City	Food manufacturing	-	20,000	-	-	-	-	(19)
<u>Titan Star International Co., Ltd.</u>	eSkylink Inc.	Taipei City	Telecom value-added network services	7,301	7,301	884,016	19.71%	22,062	33,630	5,455
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	30,244	30,244	2,303,654	5.72%	38,651	21,317	1,120
	TransAsia Airways Corp.	Taipei City	Aviation Services	54,007	54,007	4,405,028	0.58%	-	-	-
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	368,654	295,801	50,923,710	4.32%	948,679	2,848,871	122,315
	Comlink Fire Systems Inc	Taoyuan City	Wholesale of fire safety equipment	-	176	-	-	-	(1,507)	-
	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	-	55	-	-	-	21,288	32
	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%	67,429	(22,160)	(1,007)
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	-	21,516	-	-	-	(224)	-

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 7-2

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	Initial Investment						Net income (loss) of investee company	Investment income (loss) recognized	Note
			Main businesses and products	Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
<u>Goldsun Express &amp; Logistics Co., Ltd.</u>	Goldsun Express Ltd.	New Taipei City	The custom broker services	\$26,833	\$26,833	3,361,248	100.00%	\$37,321	\$1,477	\$1,490	
<u>Govun Security Co., Ltd.</u>	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	15,000	15,000	2,154,042	6.13%	43,981	186,577	10,793	Note 1
	TransAsia Airways Corp.	Taipei City	Aviation Services	28,978	28,978	1,635,080	0.22%	-	-	-	
	Babyboss Co., Ltd.	Taipei City	Educational and recreational services	-	1,814	-	0.00%	-	-	205	
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	10,08	10,080	1,008,000	6.72%	10,959	9,988	459	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	0	69,882	7,531,136	0.64%	109,711	2,848,871	18,294	
	Guoyun Technology Co., Ltd.	Kaohsiung City	Car parking lot services	69,882	150,000	15,000,000	100.00%	130,411	(7,480)	(7,480)	
	Lots Home Entertainment Co., Limited	Taipei City	Digital video and movie distribution	150,000	-	1,240,688	3.49%	7,068	2,781	298	
				1,814							
<u>KuoHsing Security Co., Ltd.</u>	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	26,615	26,615	4,540,260	12.91%	131,697	186,577	22,791	Note 1
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	20,020	29,045	1,804,972	9.02%	37,418	63,148	7,254	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	287,478	216,592	16,300,599	1.38%	341,483	2,848,871	35,157	
	TransAsia Airways Corp.	Taipei City	Aviation Services	47,581	47,581	4,360,832	0.57%	-	-	-	
	Chung Po Rental Co., Ltd.	New Taipei City	Mini-Storage rental services	10,000	30,000	1,000,000	100.00%	7,672	230	230	
	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%	47,936	(22,160)	(481)	
<u>Gowin Building Management and Maintenance Co., Ltd.</u>	Gowin Security Co., Ltd.	Taipei City	Corporate security guarding services	40,000	40,000	4,000,000	100.00%	91,155	27,844	27,844	Note 1
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	12,515	12,515	506,692	1.45%	16,346	209,746	1,831	
	TransAsia Airways Corp.	Taipei City	Aviation Services	19,639	19,639	2,101,872	0.28%	-	-	-	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	65,894	65,894	4,279,913	0.36%	77,497	2,848,871	6,096	
	Gowin Smart Parking Co., Ltd.	Taipei City	Car parking lot services	50,000	50,000	5,000,000	100.00%	41,195	(5,564)	(5,564)	
<u>Babyboss Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	-	66,118	-	-	-	2,848,871	6,651	
<u>Lee Way Electronics Co., Ltd.</u>	Lee Yuan Biomedical Co., Ltd.	Taipei City	Medical equipment and AED rental services	30,000	30,000	5,000,000	100.00%	86,668	27,469	27,472	
	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%	33,924	(22,160)	(928)	
<u>LeeBao Security Co., Ltd.</u>	LeeBao Technology Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	50,000	50,000	5,000,000	100.00%	52,781	1,543	1,543	
<u>Aion Computer Communication Co., Ltd.</u>	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	81,623	81,623	6,132,000	15.22%	106,920	21,317	4,249	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	76,600	29,866	3,499,811	0.30%	84,936	2,848,871	5,414	
	Epic Tech Taiwan Inc.	Taipei City	Information management platform	7,800	7,800	780,000	19.50%	2,012	(20,131)	(4,474)	
<u>TransAsia Catering Services Ltd.</u>	Global Food Co., Ltd.	Taoyuan City	Retail of food product	18,000	18,000	1,800,000	30.00%	24,443	7,971	2,392	
	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	194,053	152,116	7,531,574	0.64%	175,674	2,848,871	20,403	
	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	14,180	-	8,000,000	100.00%	5,597	(17,288)	(8,583)	
<u>Ching-Dian Tech Co., Ltd.</u>	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	-	6,404	-	0.00%	-	(17,288)	432	
	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	101,486	-	4,145,000	0.35%	103,911	2,848,871	4,404	
<u>Lots Home Entertainment Co., Limited</u>	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	66,118	-	6,760,906	0.57%	121,791	2,848,871	9,564	
<u>Living Plus Food &amp; Beverage Co., Ltd.</u>	Pony Drink Dream Co., Ltd.	Taipei City	Catering services	7,000	-	700,000	35.00%	7,000	(354)	-	
<u>Brighton Technology and Engineering Corporation</u>	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	100,281	-	3,080,800	100.00%	101,560	21,288	1,279	
	Comlink Fire Systems Inc.	Taoyuan City	Wholesale of fire safety equipment	40,917	-	206,250	100.00%	24,856	1,507	(1,061)	

(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2021
					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 4,800	(2)	-	-	-	-	-	17.20%	-	-	-

Accumulated Investment in Mainland 2021/12/31 China as of	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
\$-	\$120,801	\$7,211,147

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 9

Major Shareholders Information

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

Name	Number of shares	Percentage of ownership (%)
SECOM CO. LTD	123,110,870	27.28%
Shin Kong Life Insurance Co., Ltd	36,808,205	8.15%



## **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, 2021 and 2020, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2021 and 2020, 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, 2021 and 2020, and its financial performance and cash flows for the years ended December 31, 2021 and 2020, 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 2021 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.

#### Revenue Recognition

Revenue recognized by the Company amounted to NT\$7,180,031 thousand for the year ended December 31, 2021, 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 needed 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:

7. 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.
8. 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.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. 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.
11. 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.

12. 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 2021 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.

Wang, Yahn-Jyun

Hsu, Hsin-Min

Ernst & Young, Taiwan

March 15, 2022

#### 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, 2021 and December 31, 2020  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	4 and 6	\$719,608	4	\$916,291	5
Financial assets at fair value through other comprehensive income, current	4 and 6	37,029	-	20,312	-
Contract assets, current	4 and 6	23,082	-	18,803	-
Notes receivable, net	4 and 6	138,957	1	143,407	1
Notes receivable from related parties, net	4, 6 and 7	-	-	581	-
Accounts receivable, net	4 and 6	584,391	3	565,332	3
Accounts receivable from related parties, net	4, 6 and 7	161,551	1	98,624	-
Finance lease receivables, net	4 and 6	69,127	-	60,283	-
Inventories, net	4 and 6	187,598	1	162,284	1
Prepayments		471,372	2	324,776	2
Other current assets		122,870	1	65,119	-
<b>Total current assets</b>		<u>2,515,585</u>	<u>13</u>	<u>2,375,812</u>	<u>12</u>
<b>Non-current assets</b>					
Financial assets at fair value through profit or loss, non-current	4 and 6	42,138	-	-	-
Financial assets at fair value through other comprehensive income, non-current	4 and 6	81,108	1	48,359	-
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	9,789,895	50	9,527,725	50
Property, plant and equipment	4, 6 and 7	4,774,395	24	4,782,198	25
Right-of-use assets, net	4, 6 and 7	156,720	1	230,393	1
Investment property, net	4 and 6	281,900	1	282,126	2
Intangible assets	4 and 6	66,855	-	69,251	-
Deferred tax assets	4 and 6	326,052	2	331,407	2
Prepayment for equipment		1,089,870	6	1,031,041	6
Refundable deposits	7	234,344	1	217,556	1
Long-term receivables	6	36,885	-	33,292	-
Long-term financial lease receivables	4 and 6	180,836	1	156,253	1
Other assets, non-current	8	29,135	-	3,792	-
<b>Total non-current assets</b>		<u>17,101,633</u>	<u>87</u>	<u>16,724,893</u>	<u>88</u>
<b>Total assets</b>		<u>\$19,617,218</u>	<u>100</u>	<u>\$19,100,705</u>	<u>100</u>

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, 2021 and December 31, 2020  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Current liabilities</b>					
Short-term loans	4 and 6	\$300,000	2	\$1,400,000	7
Contract liabilities, current	4 and 6	1,176,341	6	1,170,597	6
Notes payable		99,237	1	152,566	1
Notes payable to related parties	7	149,827	1	46,808	-
Accounts payable		266,504	1	150,035	1
Accounts payable to related parties	7	74,987	-	55,211	-
Other payables	7	615,554	3	553,400	3
Current tax liabilities	4 and 6	142,065	1	177,566	1
Lease liabilities, current	6 and 7	81,825	-	123,167	1
Current portion of long-term loans	4 and 6	1,140,000	6	126,000	1
Other current liabilities		71,298	-	68,111	-
<b>Total current liabilities</b>		<u>4,117,638</u>	<u>21</u>	<u>4,023,461</u>	<u>21</u>
<b>Non-current liabilities</b>					
Contract liabilities, non-current	4 and 6	18,901	-	30,432	-
Long-term loans	4 and 6	1,900,000	10	1,740,000	9
Provisions, non-current	4	7,200	-	7,200	-
Lease liabilities, non-current	6 and 7	73,660	-	106,262	1
Long-term notes payables and accounts payables	4	15,860	-	29,972	-
Net defined benefit liabilities, non-current	4 and 6	1,291,925	7	1,325,021	7
Guarantee deposits	6	583,817	3	598,789	3
<b>Total non-current liabilities</b>		<u>3,891,363</u>	<u>20</u>	<u>3,837,676</u>	<u>20</u>
<b>Total liabilities</b>		<u>8,009,001</u>	<u>41</u>	<u>7,861,137</u>	<u>41</u>
<b>Equity attributable to the parent</b>					
<b>Capital</b>					
Common stock	6	4,511,971	23	4,511,971	24
<b>Capital surplus</b>	6	824,811	4	813,963	4
<b>Retained earnings</b>	6				
Legal reserve		3,970,792	20	3,741,171	20
Special reserve		100,384	1	58,666	-
Unappropriated earnings		2,504,000	13	2,502,570	13
<b>Other components of equity</b>	4 and 6	(15,352)	-	(100,384)	-
<b>Treasury stock</b>	4 and 6	(288,389)	(2)	(288,389)	(2)
<b>Total equity</b>		<u>11,608,217</u>	<u>59</u>	<u>11,239,568</u>	<u>59</u>
<b>Total liabilities and equity</b>		<u>\$19,617,218</u>	<u>100</u>	<u>\$19,100,705</u>	<u>100</u>

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, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2021		2020	
		Amount	%	Amount	%
<b>Operating revenue</b>	4 and 7	\$7,215,142	100	\$7,044,289	101
<b>Less : Sales returns and allowances</b>		(35,111)	-	(35,411)	(1)
<b>Net revenue</b>	6	7,180,031	100	7,008,878	100
<b>Operating costs</b>	6 and 7	(3,742,818)	(52)	(3,570,729)	(51)
<b>Gross profit</b>		3,437,213	48	3,438,149	49
<b>Operating expenses</b>	6 and 7				
Sales and marketing expenses		(628,139)	(9)	(617,308)	(9)
General and administrative expenses		(1,139,324)	(16)	(1,086,175)	(15)
Research and development expenses		(100,143)	(1)	(107,329)	(2)
Expected credit losses		(4,900)	-	(6,448)	-
Subtotal		(1,872,506)	(26)	(1,817,260)	(26)
<b>Operating income</b>		1,564,707	22	1,620,889	23
<b>Non-operating income and loss</b>					
Interest income	6	1,622	-	3,101	-
Other income	6	120,095	2	91,776	1
Other gains and losses	6	(10,553)	-	(64,752)	(1)
Finance costs	6	(32,004)	(1)	(23,524)	-
Share of profit or loss of associates accounted for using the equity method		1,152,677	16	1,086,681	16
Subtotal		1,231,837	17	1,093,282	16
<b>Income before income tax</b>		2,796,544	39	2,714,171	39
<b>Income tax expenses</b>	4 and 6	(269,860)	(4)	(325,271)	(5)
<b>Net income</b>		2,526,684	35	2,388,900	34
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurements of defined benefit plans	6	(35,485)	-	(82,388)	(1)
Unrealized gains on financial assets at fair value through other comprehensive income	6	34,385	-	(18,771)	-
Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss	6	45,614	1	(41,194)	(1)
Income tax related to items that will not be reclassified	6	4,258	-	9,887	-
<b>Items that may be reclassified subsequently to profit or loss</b>					
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss	6	(6,159)	-	(1,940)	-
<b>Total other comprehensive income (loss), net of tax</b>		42,613	1	(134,406)	(2)
<b>Total comprehensive income</b>		\$2,569,297	36	\$2,254,494	32
<b>Earnings per share (NT\$)</b>	4 and 6				
Basic earnings per share		\$5.73		\$5.42	
Diluted earnings per share		\$5.73		\$5.41	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
TAIWAN SECOM CO., LTD. AND SUBSIDIARIES  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

Description	Equity Attributable to the Parent Company									Non-Controlling Interests	Total Equity
	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity		Treasury Stock	Total		
			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				
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
Balance as of December 31, 2020	<u>\$4,511,971</u>	<u>\$813,963</u>	<u>\$3,741,171</u>	<u>\$58,666</u>	<u>\$2,502,570</u>	<u>\$(104,597)</u>	<u>\$4,213</u>	<u>\$(288,389)</u>	<u>\$11,239,568</u>	<u>\$459,044</u>	<u>\$11,698,612</u>
Balance as of January 1, 2021	\$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
Appropriations and distributions of 2020 unappropriated earnings											
Legal reserve	-	-	229,621	-	(229,621)	-	-	-	-	-	-
Special reserve	-	-	-	41,718	(41,718)	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,219,890)	-	-	-	(2,219,890)	-	(2,219,890)
Other changes in capital reserve											
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	32,830	-	-	-	-	-	-	32,830	7	32,837
Cash dividends of capital surplus	-	(36,096)	-	-	-	-	-	-	(36,096)	-	(36,096)
Net income in 2021	-	-	-	-	2,526,684	-	-	-	2,526,684	52,201	2,578,885
Other comprehensive (loss) income, net of tax in 2021	-	-	-	-	(33,679)	(6,158)	82,450	-	42,613	10,632	53,245
Total comprehensive income	-	-	-	-	2,493,005	(6,158)	82,450	-	2,569,297	62,833	2,632,130
Disposal of equity instrument at fair value through other comprehensive income by subsidiaries											
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	553	-	(553)	-	-	-	-
Parent company's cash dividends received by subsidiaries	-	48,732	-	-	-	-	-	-	48,732	-	48,732
Disposal of investments accounted for under the equity method	-	(34,618)	-	-	-	8,394	-	-	(26,224)	-	(26,224)
Balance as of December 31, 2021	<u>\$4,511,971</u>	<u>\$824,811</u>	<u>\$3,970,792</u>	<u>\$100,384</u>	<u>\$2,504,000</u>	<u>\$(102,361)</u>	<u>\$87,009</u>	<u>\$(288,389)</u>	<u>\$11,608,217</u>	<u>\$410,362</u>	<u>\$12,018,579</u>

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



TAIWAN SECOM CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

Description	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity		Treasury Stock	Total Equity
			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		
<b>Balance as of January 1, 2020</b>	\$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
<b>Balance as of December 31, 2020</b>	<u>\$4,511,971</u>	<u>\$813,963</u>	<u>\$3,741,171</u>	<u>\$58,666</u>	<u>\$2,502,570</u>	<u>\$(104,597)</u>	<u>\$4,213</u>	<u>\$(288,389)</u>	<u>\$11,239,568</u>
<b>Balance as of January 1, 2021</b>	\$4,511,971	\$813,963	\$3,741,171	\$58,666	\$2,502,570	\$(104,597)	\$4,213	\$(288,389)	\$11,239,568
Appropriations and distributions of 2020 unappropriated earnings									
Legal reserve	-	-	229,621	-	(229,621)	-	-	-	-
Special reserve	-	-	-	41,718	(41,718)	-	-	-	-
Cash dividends	-	-	-	-	(2,219,890)	-	-	-	(2,219,890)
Other changes in capital reserve									
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	32,830	-	-	-	-	-	-	32,830
Cash dividends of capital surplus	-	(36,096)	-	-	-	-	-	-	(36,096)
Net income in 2021	-	-	-	-	2,526,684	-	-	-	2,526,684
Other comprehensive (loss) income, net of tax in 2021	-	-	-	-	(33,679)	(6,158)	82,450	-	42,613
Total comprehensive income	-	-	-	-	2,493,005	(6,158)	82,450	-	2,569,297
Disposal of equity instrument at fair value through other comprehensive income by subsidiaries	-	-	-	-	(899)	-	899	-	-
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	553	-	(553)	-	-
Parent company's cash dividends received by subsidiaries	-	48,732	-	-	-	-	-	-	48,732
Disposal of investments accounted for under the equity method	-	(34,618)	-	-	-	8,394	-	-	(26,224)
<b>Balance as of December 31, 2021</b>	<u>\$4,511,971</u>	<u>\$824,811</u>	<u>\$3,970,792</u>	<u>\$100,384</u>	<u>\$2,504,000</u>	<u>\$(102,361)</u>	<u>\$87,009</u>	<u>\$(288,389)</u>	<u>\$11,608,217</u>

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, 2021 and 2020  
(Expressed in Thousands of New Taiwan Dollars)

Description	2021	2020
<b>Cash flows from operating activities:</b>		
Profit before tax from continuing operations	\$2,796,544	\$2,714,171
Net income before tax	2,796,544	2,714,171
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Expected credit losses	4,900	6,448
Depreciation	1,022,230	1,022,044
Amortization	43,673	43,541
Interest expense	32,004	23,524
Interest income	(1,622)	(3,101)
Dividend income	(2,242)	(684)
Share of gain of associates and accounted for using the equity method	(1,152,677)	(1,086,681)
Gain on lease modification	-	(4)
Gain of financial assets at fair value through profit or loss	-	(232)
Gain on disposal of property, plant and equipment	(2,851)	(31)
Gain on disposal of investments	(26,077)	-
Impairment loss	22,330	41,615
Changes in operating assets and liabilities:		
Contract assets	(4,279)	6,668
Notes receivable, net	4,450	7,720
Notes receivable from related parties, net	581	42
Accounts receivable, net	(23,959)	(65,521)
Accounts receivable from related parties, net	(62,927)	5,443
Finance lease receivables	(33,427)	(37,117)
Long-term receivables	(3,593)	213
Contract liabilities	(5,787)	47,985
Inventories, net	(198,503)	(110,030)
Prepayments	(146,596)	(38,431)
Other current assets	(57,751)	(7,850)
Notes payable	(53,329)	4,690
Notes payable to related parties	103,019	11,344
Accounts payable	102,357	(41,304)
Accounts payable to related parties	19,776	11,937
Other payables	62,154	7,383
Other current liabilities	3,187	(819)
Net defined liabilities, non-current	(68,581)	(62,867)
Cash generated from operations	2,373,004	2,500,096
Interest received	1,622	3,101
Interest paid	(29,712)	(21,020)
Income tax paid	(295,748)	(302,852)
Net cash provided by operating activities	2,049,166	2,179,325
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through profit or loss	(42,138)	-
Acquisition of financial assets at fair value through other comprehensive income	(17,260)	(25,410)
Disposal of financial assets at fair value through other comprehensive income	-	21,798
Capital deducted by cash of financial assets at fair value through other comprehensive income	2,178	19,500
Disposal of financial assets at fair value through profit or loss	-	5,599
Acquisition of investments accounted for using the equity method	(22,945)	(56,606)
Capital deducted by cash of investments accounted for using the equity method	358,200	130,668
Acquisition of property, plant and equipment	(705,595)	(774,488)
Proceeds from disposal of property, plant and equipment	7,353	8,646
Acquisition of intangible assets	(41,277)	(48,364)
Increase in prepayment for equipment	(58,829)	(26,332)
Increase in refundable deposits	(16,788)	(417)
(Increase) decrease in other assets	(25,343)	2,042
Dividends received	656,035	480,666
Net cash provided by (used in) investing activities	93,591	(262,698)
<b>Cash flows from financing activities:</b>		
Decrease in short-term loans	(1,100,000)	(1,600,000)
Increase in long-term loans	1,400,000	1,700,000
Decrease in long-term loans	(226,000)	(184,000)
(Decrease) increase in guarantee deposits	(15,061)	8,249
Cash payments for the principal portion of lease liability	(142,393)	(131,636)
Cash dividends paid	(2,255,986)	(1,804,788)
Net cash used in financing activities	(2,339,440)	(2,012,175)
Net decrease in cash and cash equivalents	(196,683)	(95,548)
Cash and cash equivalents at beginning of year	916,291	1,011,839
Cash and cash equivalents at end of year	\$719,608	\$916,291

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, 2021 AND 2020  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Stated)

1. History and Organization

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

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

The parent company only financial statements of the Company for the years ended December 31, 2021 and 2020 were authorized for issue by the Board of Directors on March 15, 2022.

3. Newly Issued or Revised Standards and Interpretations

- (1) Changes in accounting policies resulting from the first-time adoption of certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2021. 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.

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

Item	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

- (a) 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.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. The standards and interpretations 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 Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 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 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 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 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 1 January 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) 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.

(e) 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.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under (c)-(f), it is not practicable to estimate their impact on the Company for the time being. 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, 2021 and 2020 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.

#### Financial assets measured at amortized cost

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

- a. 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.

### Compound instruments

The Company evaluates the terms of the convertible bonds issued to determine whether it contains both a liability and an equity component. Furthermore, the Company assesses if the economic characteristics and risks of the put and call options contained in the convertible bonds are closely related to the economic characteristics and risk of the host contract before separating the equity element.

For the liability component excluding the derivatives, its fair value is determined based on the rate of interest applied at that time by the market to instruments of comparable credit status. The liability component is classified as a financial liability measured at amortized cost before the instrument is converted or settled.

For the embedded derivative that is not closely related to the host contract (for example, if the exercise price of the embedded call or put option is not approximately equal on each exercise date to the amortized cost of the host debt instrument), it is classified as a liability component and subsequently measured at fair value through profit or loss unless it qualifies for an equity component. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component. Its carrying amount is not remeasured in the subsequent accounting periods. If the convertible bond issued does not have an equity component, it is accounted for as a hybrid instrument in accordance with the requirements under IFRS 9 Financial Instruments.

Transaction costs are apportioned between the liability and equity components of the convertible bond based on the allocation of proceeds to the liability and equity components when the instruments are initially recognized.

On conversion of a convertible bond before maturity, the carrying amount of the liability component being the amortized cost at the date of conversion is transferred to equity.

### 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.

### Financial liabilities at amortized cost

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

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

### Derecognition of financial liabilities

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

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

#### E. Offsetting of financial instruments

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

#### (7) Fair value measurement

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

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

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

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

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

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

## (8) Inventories

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

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

Raw materials - Purchase cost on a weighted average basis

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

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

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 affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture 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

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
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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, maximising the use of observable information.

### Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

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 30 to 90 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 offset 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 held to earn rentals or for capital appreciation and the other portion is owner-occupied. If those portions could be sold separately, the Company accounts for those portions separately as investment properties and property, plant and equipment. If those portions could not be sold separately, the property is classified as investment property in its entirety only if the owner-occupied portion 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 certain affiliated enterprises. However, the Company has significant influence 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. Additionally, the Company holds less than 50% voting rights in certain affiliated enterprises but the Company is the largest shareholder. However, after factoring into conditions such as absolute size of the Company's holding, relative size of the other shareholdings, how widely spread are the remaining shareholders, contractual arrangements between shareholders, potential voting rights, etc., the Company reached the conclusion that it has not de facto control over these affiliates and only has significant influence. Please refer to Note 6(8) for further details.

### (2) Estimates and assumptions

The key assumptions, concerning the future and other key sources of estimation uncertainty at the reporting date and 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, 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 Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Company 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, 2021.

### 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,	
	2021	2020
Petty cash	\$5,895	\$5,835
Checking and saving accounts	673,718	440,466
Cash equivalent	39,995	469,990
Total	<u>\$719,608</u>	<u>\$916,291</u>

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

	As of December 31,	
	2021	2020
Financial assets designated at fair value through profit or loss:		
Convertible bond	<u>\$42,138</u>	<u>\$-</u>
Current	\$-	\$-
Non-current	<u>42,138</u>	<u>-</u>
Total	<u>\$42,138</u>	<u>\$-</u>

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,	
	2021	2020
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	\$37,029	\$20,312
Unlisted companies stocks	<u>81,108</u>	<u>48,359</u>
Total	<u>\$118,137</u>	<u>\$68,671</u>
Current	\$37,029	\$20,312
Non-current	<u>81,108</u>	<u>48,359</u>
Total	<u>\$118,137</u>	<u>\$68,671</u>

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, 2021 and 2020 are as follow:

	For the years ended December 31,	
	2021	2020
Related to investments held at the end of the reporting period	\$2,242	\$684
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$2,242</u>	<u>\$684</u>

In terms 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, 2021 and 2020 are as follow:

	For the years ended December 31,	
	2021	2020
The fair value of the investments at the date of derecognition	\$2,178	\$21,798
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	553	2,332

(4) Financial assets measured at amortized cost

	As of December 31,	
	2021	2020
Time deposits	\$11,500	\$11,500
Less: loss allowance	-	-
Total	<u>\$11,500</u>	<u>\$11,500</u>
Current	\$-	\$-
Non-current	<u>11,500</u>	<u>11,500</u>
Total	<u>\$11,500</u>	<u>\$11,500</u>

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,	
	2021	2020
Notes receivable arising from operating activities	\$138,957	\$143,407
Less: loss allowance	-	-
Subtotal	138,957	143,407
Notes receivable from related parties	-	581
Less: loss allowance	-	-
Subtotal	-	581
Total	<u>\$138,957</u>	<u>\$143,988</u>

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,	
	2021	2020
Accounts receivable	\$605,614	\$584,907
Less: loss allowance	(21,223)	(19,575)
Subtotal	584,391	565,332
Accounts receivable from related parties	161,551	98,624
Less: loss allowance	-	-
Subtotal	161,551	98,624
Long-term receivables	36,885	33,292
Less: loss allowance	-	-
Subtotal	36,885	33,292
Total	<u>\$782,827</u>	<u>\$697,248</u>

Accounts receivable were not pledged.

Trade receivables are generally on 30-90 day terms. The total carrying amount as of December 31, 2021 and 2020 are NT\$804,050 thousand and NT\$716,823 thousand, respectively. Please refer to Note 6(18) for more details on loss allowance of trade receivables for the years ended December 31, 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31,	
	2021	2020
Merchandise inventories	<u>\$187,598</u>	<u>\$162,284</u>



The cost of inventories recognized in expenses amounted to NT\$528,977 thousand and NT\$478,274 thousand for the years ended December 31, 2021 and 2020, respectively, including the write-down of inventories of NT\$0 thousand.

Inventory valuation losses were not recognized for the years ended December 31, 2021 and 2020.

Inventories were not pledged.

(8) Investments accounted for under the equity method

Investees	As of December 31,			
	2021		2020	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Speed Investment Co., Ltd.	\$2,875,207	100	\$2,918,916	100
LeeBao Security Co., Ltd.	1,487,250	100	1,290,363	100
Goyun Security Co., Ltd.	549,558	100	534,778	100
Chung Hsing E-Guard Co., Ltd.	10,756	100	57,386	100
Goldsun Express & Logistics Co., Ltd.	687,306	100	667,186	100
KuoHsing Security Co., Ltd.	598,707	84	549,050	84
Gowin Building Management and Maintenance Co., Ltd.	512,228	81	481,556	81
Aion Technologies Inc.	202,614	74	189,521	74
Taiwan Secom Insurance Brokerage Services Inc.	27,871	90	18,313	60
Taiwan Video System Co., Ltd.	-	-	25	36
Lee Way Electronics Co., Ltd.	107,934	34	144,122	34
Lots Home Entertainment Co., Ltd.	3,909	2	27,528	21
TransAsia Catering Services Ltd.	758,822	67	777,939	67
SIGMU D.P.T. Company Ltd.	-	-	17,997	22
Brightron Technology and Engineering Corporation	26,819	5	-	-
Subtotal	<u>7,848,981</u>		<u>7,674,680</u>	
Investments in associates:				
Goldsun Building Materials Co., Ltd.	1,623,596	7	1,541,074	7
TransAsia Airways Corp.	-	10	-	10
Tech Elite Holdings Ltd.	-	39	-	39
Anfeng Enterprise Co., Ltd.	14,497	30	13,764	30
GALC Inc.	9,483	30	-	-
HuaYa Development Co., Ltd.	293,338	50	298,207	50
Subtotal	<u>1,940,914</u>		<u>1,853,045</u>	
Total	<u>\$9,789,895</u>		<u>\$9,527,725</u>	

#### 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 doubles as the chairman of the board of Goldsun Building Materials Co., Ltd. and the Company has one representation on the board of directors of the investee, the significant influence of the Company over the Goldsun Building Materials Co., Ltd. was assumed to exist, and therefore the investments were accounted for using the equity method.

The Company have majority of the voting rights of HuaYa Development Co., Ltd. However, after factoring into conditions such as absolute size of the Company's holding, relative size of the other shareholdings and contractual arrangements between shareholders, then the Company holds the voting rights less than the other shareholder, and reached the conclusion that it has not de facto control over this investee but only has significant influence and therefore the investment was 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. was NT\$2,265,123 thousand and NT\$1,938,894 thousand, as of December 31, 2021 and 2020, 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,	
	2021	2020
Current assets	\$12,530,850	\$12,533,765
Non-current assets	23,229,633	22,195,145
Current liabilities	(7,137,852)	(6,210,029)
Non-current liabilities	(6,116,784)	(7,188,505)
Equity	22,505,847	21,330,376
Non-controlling interests	(1,115,589)	(1,131,047)
Shareholders of the parent	21,390,258	20,199,329
Proportion of the Company's ownership	6.59%	6.57%
Subtotal	1,409,618	1,327,096
Goodwill	222,792	222,792
Others	(8,814)	(8,814)
Carrying amount of the investment	<u>\$1,623,596</u>	<u>\$1,541,074</u>
	For the years ended December 31,	
	2021	2020
Operating revenue	\$21,801,699	\$18,877,800
Profit or loss from continuing operations	2,933,244	2,550,807
Other comprehensive income	109,349	(199,406)
Total comprehensive income	<u>\$3,042,593</u>	<u>\$2,351,401</u>

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\$317,318 thousand. The aggregate financial information based on Company's share of other companies is as follows:

	For the years ended December 31,	
	2021	2020
Profit or loss from continuing operations	\$510	\$4,566
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$510</u>	<u>\$4,566</u>

The associates had no contingent liabilities or capital commitments as of December 31, 2021 and 2020.

The investment value of part of the Company's investments accounted for under the equity method has impaired, and the impairment loss recognized in 2021 and 2020 amounted to NT\$22,330 thousand and NT\$41,615 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. Therefore, the impairment loss needs be recognized in the statement of comprehensive income.

(9) Property, plant and equipment

	As of December 31,	
	2021	2020
Owner occupied property, plant and equipment	\$4,774,395	\$4,782,198
Property, plant and equipment leased out under operating leases	-	-
Total	<u>\$4,774,395</u>	<u>\$4,782,198</u>

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, 2021	\$1,431,386	\$907,686	\$198,994	\$8,862,644	\$485,446	\$253,413	\$706,923	\$12,846,492
Additions	-	-	5,909	546,108	35,876	39,183	78,519	705,595
Disposals	-	-	(37,859)	(592,635)	(36,825)	(26,878)	(4,275)	(698,472)
Other changes	-	-	-	173,189	-	-	-	173,189
As of December 31, 2021	<u>\$1,431,386</u>	<u>\$907,686</u>	<u>\$167,044</u>	<u>\$8,989,306</u>	<u>\$484,497</u>	<u>\$265,718</u>	<u>\$781,167</u>	<u>\$13,026,804</u>
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	<u>\$1,431,386</u>	<u>\$907,686</u>	<u>\$198,994</u>	<u>\$8,862,644</u>	<u>\$485,446</u>	<u>\$253,413</u>	<u>\$706,923</u>	<u>\$12,846,492</u>
Depreciation and impairment:								
As of January 1, 2021	\$-	\$236,157	\$179,517	\$6,545,240	\$420,005	\$158,538	\$524,837	\$8,064,294
Depreciation	-	17,310	5,577	748,450	26,543	28,451	55,754	882,085
Disposals	-	-	(37,800)	(592,128)	(36,570)	(23,228)	(4,244)	(693,970)
As of December 31, 2021	<u>\$-</u>	<u>\$253,467</u>	<u>\$147,294</u>	<u>\$6,701,562</u>	<u>\$409,978</u>	<u>\$163,761</u>	<u>\$576,347</u>	<u>\$8,252,409</u>
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	<u>\$-</u>	<u>\$236,157</u>	<u>\$179,517</u>	<u>\$6,545,240</u>	<u>\$420,005</u>	<u>\$158,538</u>	<u>\$524,837</u>	<u>\$8,064,294</u>
Net carrying amount as of:								
December 31, 2021	<u>\$1,431,386</u>	<u>\$654,219</u>	<u>\$19,750</u>	<u>\$2,287,744</u>	<u>\$74,519</u>	<u>\$101,957</u>	<u>\$204,820</u>	<u>\$4,774,395</u>
December 31, 2020	<u>\$1,431,386</u>	<u>\$671,529</u>	<u>\$19,477</u>	<u>\$2,317,404</u>	<u>\$65,441</u>	<u>\$94,875</u>	<u>\$182,086</u>	<u>\$4,782,198</u>

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 ranged from 1 to 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, 2021	\$275,593	\$8,130	\$283,723
Additions	-	-	-
As of December 31, 2021	<u>\$275,593</u>	<u>\$8,130</u>	<u>\$283,723</u>
As of January 1, 2020	\$275,593	\$8,130	\$283,723
Additions	-	-	-
As of December 31, 2020	<u>\$275,593</u>	<u>\$8,130</u>	<u>\$283,723</u>
Depreciation and impairment:			
As of January 1, 2021	\$-	\$1,597	\$1,597
Depreciation	-	226	226
As of December 31, 2021	<u>\$-</u>	<u>\$1,823</u>	<u>\$1,823</u>
As of January 1, 2020	\$-	\$1,370	\$1,370
Depreciation	-	227	227
As of December 31, 2020	<u>\$-</u>	<u>\$1,597</u>	<u>\$1,597</u>
Net carrying amount as of:			
December 31, 2021	<u>\$275,593</u>	<u>\$6,307</u>	<u>\$281,900</u>
December 31, 2020	<u>\$275,593</u>	<u>\$6,533</u>	<u>\$282,126</u>

	For the years ended December 31,	
	2021	2020
Rental income from investment property	\$3,945	\$3,875
Less : Direct operating expense generated from rental income of investment property	(226)	(227)
Total	<u>\$3,719</u>	<u>\$3,648</u>

No investment property was pledged.

Investment properties held by the Company are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized within Level 3. The fair value of investment properties is NT\$314,133 thousand and NT\$304,943 thousand as of December 31, 2021 and 2020, 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 3.16%, 1.77% and 3.39%, 1.77%, respectively.

(11) Intangible assets

	Computer software
Cost:	
As of January 1, 2021	\$128,529
Addition-acquired separately	41,277
Expired	(42,318)
As of December 31, 2021	<u>\$127,488</u>
As of January 1, 2020	\$138,683
Addition-acquired separately	48,364
Expired	(58,518)
As of December 31, 2020	<u>\$128,529</u>
Amortization and impairment:	
As of January 1, 2021	\$59,278
Amortization	43,673
Expired	(42,318)
As of December 31, 2021	<u>\$60,633</u>
As of January 1, 2020	\$74,255
Amortization	43,541
Expired	(58,518)
As of December 31, 2020	<u>\$59,278</u>
Net carrying amount as of:	
December 31, 2021	<u>\$66,855</u>
December 31, 2020	<u>\$69,251</u>

Recognized as amortized amount of intangible assets are as follows.

	For the years ended December 31,	
	2021	2020
Operating costs	<u>\$9,597</u>	<u>\$7,939</u>
Operating expenses	<u>\$34,076</u>	<u>\$35,602</u>

(12) Short-term loans

	Interest Rates (%)	As of December 31,	
		2021	2020
Unsecured bank loans	0.54%-0.7%	<u>\$300,000</u>	<u>\$1,400,000</u>

The Company's unused short-term lines of credits amounted to NT\$1,003,377 thousand and NT\$800,000 thousand as of December 31, 2021 and 2020, respectively.

(13) Long-term loans

Details of long-term loans are as follows:

Lenders	As of December 31, 2021	Interest Rates (%)	Maturity date and terms of repayment
Unsecured Long-term Loan			
Bank of Tokyo Mitsubishi UFJ	\$40,000	0.70%-1.55%	Loan starting from May 18, 2017 till May 18, 2022; installment payment by 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 from December 18, 2020 till December 16, 2022; repayment at the maturity date; interest paid every 3 months
Bank of Tokyo Mitsubishi UFJ	400,000	0.85%	Loan starting from January 15, 2021 till January 13, 2023; repayment at the maturity date; interest paid every 3 months
Sumitomo Mitsui Banking Corporation	600,000	0.93%	Loan starting from December 18, 2020 till December 16, 2022; repayment at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.99%	Loan starting from December 18, 2020 till December 18, 2023; repayment at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	700,000	0.88%	Loan starting from August 20, 2021 till February 20, 2023; repayment at the maturity date; interest paid every month
Mizuho Bank, Ltd.	100,000	0.92%	Loan starting from March 22, 2021 till March 22, 2024; repayment at the maturity date; interest paid every 3 months
KGI Bank Co., Ltd	100,000	0.90%	Loan starting from May 12, 2021 till April 27, 2024; repayment at the maturity date; interest paid every month
Subtotal	3,040,000		
Less: current portion	(1,140,000)		
Total	<u>\$1,900,000</u>		

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 from March 25, 2016 till March 25, 2021; installment payment by 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 from May 13, 2016 till May 13, 2021; repayment 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 from May 18, 2017 till May 18, 2022; installment payment by 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 from December 18, 2020 till December 16, 2022; repayment at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.93%	Loan starting from December 18, 2020 till December 16, 2022; repayment at the maturity date; interest paid every month
Sumitomo Mitsui Banking Corporation	600,000	0.99%	Loan starting from December 18, 2020 till December 18, 2023; repayment at the maturity date; interest paid every month
Subtotal	1,866,000		
Less: current portion	(126,000)		
Total	<u>\$1,740,000</u>		

(14) Guarantee deposits

	As of December 31,	
	2021	2020
Performance security deposit	\$448,154	\$453,282
Security line deposit	135,663	145,507
Total	<u>\$583,817</u>	<u>\$598,789</u>

(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, 2021 and 2020 were NT\$60,676 thousand and NT\$58,207 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 15<sup>th</sup> 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 mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$105,462 thousand to its defined benefit plan during the 12 months beginning after December 31, 2021.

The average durations of the defined benefits plan obligation are 12 years and 13 years as of December 31, 2021 and 2020, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2021 and 2020:

	For the years ended December 31,	
	2021	2020
Current period service costs	\$33,873	\$35,437
Interest expense (income) of net defined benefit liabilities (assets)	5,830	9,922
Total	<u>\$39,703</u>	<u>\$45,359</u>

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

	As of December 31,	
	2021	2020
Defined benefit obligation	\$1,496,274	\$1,509,367
Plan assets at fair value	(204,349)	(184,346)
Other non-current liabilities – Net defined benefit liabilities recognized on the balance sheets	<u>\$1,291,925</u>	<u>\$1,325,021</u>

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, 2020	\$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	-	35,188
Return on plan assets	-	(2,515)	(2,515)
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
Current period service costs	33,873	-	33,873
Net interest expense (income)	6,641	(811)	5,830
Subtotal	40,514	(811)	39,703
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	21,865	-	21,865
Actuarial gains and losses arising from changes in financial assumptions	(7,555)	-	(7,555)
Experience adjustments	23,153	-	23,153
Return on plan assets	-	(1,978)	(1,978)
Subtotal	37,463	(1,978)	35,485
Payments from the plan	(91,070)	91,070	-
Contributions by employer	-	(108,284)	(108,284)
As of December 31, 2021	<u>\$1,496,274</u>	<u>\$(204,349)</u>	<u>\$1,291,925</u>

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

	As of December 31,	
	2021	2020
Discount rate	0.55%	0.44%
Expected rate of salary increases	1.00%	0.93%

A sensitivity analysis for significant assumption as of December 31, 2021 and 2020 is, as follows:

	Effect on the defined benefit obligation			
	2021		2020	
	Increase in defined benefit obligation	Decrease in defined benefit obligation	Increase in defined benefit obligation	Decrease in defined benefit obligation
Discount rate increases by 0.5%	\$-	\$67,796	\$-	\$76,331
Discount rate decreases by 0.5%	110,379	-	112,926	-
Future salary increases by 0.5%	109,255	-	111,681	-
Future salary decreases by 0.5%	-	67,828	-	76,339

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, 2021 and 2020, respectively. Each share has one voting right and a right to receive dividends.

### B. Capital surplus

	As of December 31,	
	2021	2020
Additional paid-in capital	\$4,291	\$40,387
Treasury share transactions	713,128	664,396
Changes in net assets of associates and joint ventures accounted for under the equity method	104,433	106,221
Donated surplus	2,959	2,959
Total	<u>\$824,811</u>	<u>\$813,963</u>

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

### C. Treasury stock

As of December 31, 2021 and 2020, the Company's shares held by its 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 remains as past in business environment. 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 reserve 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.

Following the order Financial-Supervisory-Securities-Corporate-No.1090150022 issued on March 31, 2021, upon a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside an equal amount of special reserve. When there is subsequently any use, disposal, or reclassification of the relevant assets, the company may reverse and book for earnings distribution the corresponding proportion originally allocated to special reserve. The Company has appropriated NT\$41,718 thousand special reserve to undistributed earnings. As of December 31, 2021 and 2020, the special reserve were NT\$100,384 thousand and NT\$58,666 thousand, respectively.

Details of the 2021 and 2020 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 15, 2022 and July 2, 2021, respectively, are as follows:

	<u>Appropriation of earnings</u>		<u>Dividend per share (NT\$)</u>	
	2021	2020	2021	2020
Legal reserve	\$249,266	\$229,621		
Special reserve	(85,032)	41,718		
Common stock-cash dividend	2,255,985	2,219,890	\$5	\$4.92

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

	<u>For the years ended December 31,</u>	
	2021	2020
Revenue from contracts with customers		
Sale of goods revenue	\$751,842	\$690,729
Rendering of service revenue	6,428,189	6,318,149
Total	<u>\$7,180,031</u>	<u>\$7,008,878</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2021 and 2020 is as follows:

##### A. Classification of revenue

For the year ended December 31, 2021:

	<u>Electronic System</u>
Sale of goods	\$751,842
Rendering of services	6,428,189
Total	<u>\$7,180,031</u>
Timing of revenue recognition:	
At a point in time	\$751,842
Over time	6,428,189
Total	<u>\$7,180,031</u>

For the year ended December 31, 2020:

	Electronic System
Sale of goods	\$690,729
Rendering of services	6,318,149
Total	<u>\$7,008,878</u>
Timing of revenue recognition:	
At a point in time	\$690,729
Over time	6,318,149
Total	<u>\$7,008,878</u>

B. Contract balances

a. Contract assets – current

	2021.12.31	2020.12.31	2020.1.1
Rendering of services	\$23,082	\$18,803	\$25,471
Total	<u>\$23,082</u>	<u>\$18,803</u>	<u>\$25,471</u>

Based on whether the Company obtained an unconditional right to receive the consideration then transferred contract assets to trade receivables when the unconditioned right exists.

Please refer to Note 6(18) for more details on the impairment impact.

b. Contract liabilities – current

	2021.12.31	2020.12.31	2020.1.1
Current	\$1,176,341	\$1,170,597	\$1,153,044
Non-Current	18,901	30,432	-
Total	<u>\$1,195,242</u>	<u>\$1,201,029</u>	<u>\$1,153,044</u>
	2021.12.31	2020.12.31	2020.1.1
Rendering of services	\$1,195,242	\$1,201,029	\$1,153,044
Total	<u>\$1,195,242</u>	<u>\$1,201,029</u>	<u>\$1,153,044</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2021 and 2020 are as follows:

	For the years ended December 31,	
	2021	2020
The opening balance transferred to revenue	\$(1,131,891)	\$(1,085,462)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,126,104	1,133,447

#### C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT\$1,195,242 thousand as of December 31, 2021. Management expects that 93% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2022. The remaining amount will be recognized during the 2023 financial year.

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.

#### D. Assets recognized from costs to fulfil a contract

None.

#### (18) Expected credit losses

	For the years ended December 31,	
	2021	2020
Operating expenses – Expected credit losses		
Contract assets	\$-	\$-
Trade receivables	4,900	6,448
Subtotal	4,900	6,448
Non-operating income and expenses - Expected credit losses		
Financial assets measured at amortized cost	-	-
Total	<u>\$4,900</u>	<u>\$6,448</u>

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 is as follows:

- A. The gross carrying amount of contract asset is NT\$23,082 thousand, and its loss allowance amounted to NT\$0 thousand which is measured at expected credit loss ratio of 0%.

B. The Company 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 follows:

As of December 31, 2021

Group 1

	Not yet due	Overdue					Total
	(note)	1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	
Gross carrying amount	\$1,122,116	\$46,682	\$9,078	\$976	\$879	\$13,239	\$1,192,970
Loss ratio	0-5%	3-10%	10-30%	30-60%	60-80%	80-100%	
Lifetime expected credit losses	(3,403)	(1,738)	(1,857)	(390)	(596)	(13,239)	(21,223)
Total	\$1,118,713	\$44,944	\$7,221	\$586	\$283	\$-	\$1,171,747

As of December 31, 2020

Group 1

	Not yet due	Overdue					Total
	(note)	1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	
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

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, 2021 and 2020 are as follows:

	Accounts receivables	Notes receivable	Others (Note)
Balance as of January 1, 2021	\$19,575	\$-	\$-
Addition/(reversal) for the current period	4,900	-	-
Write off	(3,252)	-	-
Balance as of December 31, 2021	\$21,223	\$-	\$-
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	\$-	\$-

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 is as follows:

#### a. Amounts recognized in the balance sheet

##### (i) Right-of-use assets

The carrying amount of right-of-use assets

	As of December 31,	
	2021	2020
Land	\$154,821	\$226,205
Transportation equipment	1,899	4,188
Total	<u>\$156,720</u>	<u>\$230,393</u>

During the years ended December 31, 2021 and 2020, the Company's additions to right-of-use assets amount are NT\$66,752 thousand and NT\$190,589 thousand, respectively.

##### (ii) Lease liabilities

	As of December 31,	
	2021	2020
Lease liabilities	<u>\$155,485</u>	<u>\$229,429</u>
Current	\$81,825	\$123,167
Non-current	73,660	106,262

Please refer to Note 6(21)(D) for the interest on lease liabilities recognized during the years ended December 31, 2021 and 2020 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2021 and 2020.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2021	2020
Land	\$136,907	\$124,404
Transportation equipment	3,012	4,325
Total	<u>\$139,919</u>	<u>\$128,729</u>

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2021	2020
The expenses relating to short-term leases	\$17,995	\$14,159
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	5,837	6,105
Total	<u>\$23,832</u>	<u>\$20,264</u>

d. Cash outflow relating to leasing activities

During the years ended December 31, 2021 and 2020, the Company's total cash outflows for leases amounted to NT\$166,225 thousand and NT\$151,900 thousand, respectively.

e. Other information relating to leasing activities

(ii) 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,	
	2021	2020
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$15,626	\$16,404
Subtotal	15,626	16,404
Lease income for finance leases		
Selling profit or loss	9,387	7,599
Finance income on the net investment in the lease	5,403	4,832
Subtotal	14,790	12,431
Total	\$30,416	\$28,835

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, 2021 and 2020 are as follow:

	As of December 31,	
	2021	2020
Within than one year	\$28,598	\$52,492
Beyond one year but not later than two years	7,874	19,698
Beyond two years but not later than three years	6,735	6,815
Beyond three years but not later than four years	5,817	6,468
Beyond four years but not later than five years	72	6,155
Beyond five years	-	400
Total	\$49,096	\$92,028

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, 2021 and 2020 are as follows:

	As of December 31,	
	2021	2020
Within one year	\$73,863	\$65,062
Beyond one year but not later than two years	76,517	57,403
Beyond two years but not later than three years	53,307	56,765
Beyond three years but not later than four years	34,600	33,555
Beyond four years but not later than five years	19,752	14,848
Beyond five years	3,292	-
Total undiscounted lease payments	261,331	227,633
Less: Unearned finance income to finance leases	(11,368)	(11,097)
Less: loss allowance	-	-
Net investment in the lease (Finance lease receivables)	<u>\$249,963</u>	<u>\$216,536</u>
Current	\$69,127	\$60,283
Non-current	180,836	156,253

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

	For the years ended December 31,					
	2021			2020		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$951,290	\$904,376	\$1,855,666	\$949,711	\$874,164	\$1,823,875
Labor and health insurance	95,973	90,228	186,201	90,538	80,942	171,480
Pension	54,131	46,248	100,379	57,236	46,330	103,566
Remuneration to directors	-	125,229	125,229	-	121,922	121,922
Other employee benefits expense	39,970	29,700	69,670	39,797	28,960	68,757
Depreciation	826,290	195,940	1,022,230	835,358	186,686	1,022,044
Amortization	9,597	34,076	43,673	7,939	35,602	43,541

The headcount of the Company were 2,450 and 2,442, including 7 non-employee directors as of December 31, 2021 and 2020, respectively.

The average employee benefits expenses of the Company were NT\$905 thousand and NT\$891 thousand for the years ended December 31, 2021 and 2020, respectively. The average employee salaries of the Company were NT\$760 thousand and NT\$749 thousand for the years ended December 31, 2021 and 2020, respectively, the average rate of change of the employee salaries was 1%.

The Company has established the Audit Committee in replacement of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2021 and 2020 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 comparable emoluments 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 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 compensation distribution.

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, 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors and supervisors for the year ended December 31, 2021 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, 2021 amount to NT\$29,397 thousand and NT\$117,589 thousand, respectively and recognized as salaries expense.

A resolution was passed at a Board of Directors meeting held on March 15, 2022 to distribute NT\$29,435 thousand and NT\$117,741 thousand in cash as employees' compensation and remuneration to directors of 2021, respectively.

No material differences exist between the estimated amount and the actual distribution of NT\$28,568 thousand and NT\$114,272 thousand in cash as the employees' compensation and remuneration to directors for the year ended December 31, 2020.

(21) Non-operating income and expenses

A. Interest Income

	For the years ended December 31,	
	2021	2020
Financial assets measured at amounted cost	\$108	\$114
Cash in banks	129	623
Short-term commercial papers	1,019	1,869
Others	366	495
Total	<u>\$1,622</u>	<u>\$3,101</u>

B. Other income

	For the years ended December 31,	
	2021	2020
Rental income	\$15,626	\$16,404
Dividend income	2,242	684
Other income	102,227	74,688
Total	<u>\$120,095</u>	<u>\$91,776</u>

C. Other gains and losses

	For the years ended December 31,	
	2021	2020
Gain on disposal of property, plant and equipment	\$2,851	\$31
Gain on disposal of investments	26,077	-
Foreign exchange gain, net	416	1,089
Impairment loss	(22,330)	(41,615)
Miscellaneous loss	(17,567)	(24,493)
Gain on financial assets at fair value through profit (Note 1)	-	232
Gain on lease modification	-	4
Total	<u>\$(10,553)</u>	<u>\$(64,752)</u>

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,	
	2021	2020
Interest on borrowings from bank	\$29,712	\$21,020
Interest on lease liabilities	2,203	2,397
Total interest expenses	31,915	23,417
Interest for deposits received	89	107
Total finance costs	<u>\$32,004</u>	<u>\$23,524</u>

## (22) Components of other comprehensive income

For the year ended December 31, 2021

	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	\$(35,485)	\$-	\$(35,485)	\$4,258	\$(31,227)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	34,385	-	34,385	-	34,385
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	45,614	-	45,614	-	45,614
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	(6,159)	-	(6,159)	-	(6,159)
Total of other comprehensive (loss) income	<u>\$38,355</u>	<u>\$-</u>	<u>\$38,355</u>	<u>\$4,258</u>	<u>\$42,613</u>

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	<u>\$(144,293)</u>	<u>\$-</u>	<u>\$(144,293)</u>	<u>\$9,887</u>	<u>\$(134,406)</u>

(23) Income tax

The major components of corporate income tax expense for the years ended December 31, 2021 and 2020 are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2021	2020
Current income tax expense (income):		
Current income tax charge	\$288,552	\$329,413
Adjustments in respect of current income tax of prior periods	(28,305)	1,916
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	9,613	(6,058)
Total income tax expense (income)	<u>\$269,860</u>	<u>\$325,271</u>

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(4,258)</u>	<u>\$(9,887)</u>

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,	
	2021	2020
Accounting profit before tax from continuing operations	<u>\$2,796,544</u>	<u>\$2,714,171</u>
Tax at the domestic rates applicable to profits in the country concerned	\$559,309	\$542,834
Tax effect of revenues exempt from taxation	(261,351)	(217,401)
Investment tax credit	-	(7)
Tax effect of deferred tax assets / liabilities	207	(10,458)
Corporate income surtax on undistributed retained earnings	-	8,387
Adjustments in respect of current income tax of prior periods	(28,305)	1,916
Total income tax expense recognized in profit or loss	<u>\$269,860</u>	<u>\$325,271</u>



Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2021

	Beginning balance as of January 1, 2021	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2021
Temporary differences				
Unrealized bad debt expense	\$2,156	\$138	\$-	\$2,294
Depreciation difference for tax purpose	10,948	(294)	-	10,654
Compensation for unused vacation	7,453	-	-	7,453
Decommissioning costs	1,440	-	-	1,440
Impairment losses	149,186	-	-	149,186
Defined benefit liabilities, non-current	160,224	(9,457)	4,258	155,025
Deferred tax (expense)/income		<u>\$ (9,613)</u>	<u>\$ 4,258</u>	
Net deferred tax assets/(liabilities)	<u>\$331,407</u>			<u>\$326,052</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$331,407</u>			<u>\$326,052</u>

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
Compensation for unused vacation	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		<u>\$6,058</u>	<u>\$9,877</u>	
Net deferred tax assets/(liabilities)	<u>\$315,462</u>			<u>\$331,407</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$315,462</u>			<u>\$331,407</u>

#### Unrecognized deferred tax assets

As of December 31, 2021 and 2020, deferred tax assets that have not been recognized amounted to NT\$133,645 thousand and NT\$132,645 thousand, respectively.

### The assessment of income tax returns

As of December 31, 2021, the assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>	<u>Notes</u>
The Company	Assessed and approved up to 2019	-

### (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.

	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u>\$2,526,684</u>	<u>\$2,388,900</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>440,923</u>	<u>440,923</u>
Basic earnings per share (NT\$)	<u>\$5.73</u>	<u>\$5.42</u>
	<u>For the years ended December 31,</u>	
	<u>2021</u>	<u>2020</u>
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u>\$2,526,684</u>	<u>\$2,388,900</u>
Employee bonus (in thousands)	<u>-</u>	<u>-</u>
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	<u>\$2,526,684</u>	<u>\$2,388,900</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>440,923</u>	<u>440,923</u>
Effect of dilution:		
Employee bonus-stock (in thousands)	<u>283</u>	<u>322</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>441,206</u>	<u>441,245</u>
Diluted earnings per share (NT\$)	<u>\$5.73</u>	<u>\$5.41</u>

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

<u>Related Party Name</u>	<u>The Relationship with the Company</u>
SECOM Co., Ltd.	Entity with joint control or significant influence over the Company
Speed Investment Co., Ltd.	Subsidiary
LeeBao 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
Taiwan Secom Insurance Brokerage Services 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
LeeBao Technology Co., Ltd.	Subsidiary
Babyboss Co., Ltd.	Subsidiary
Goldsun Express Co., Ltd.	Subsidiary
Brighton Technology and Engineering Corporation	Subsidiary
Ching-Dian Tech Co., Ltd.	Subsidiary
Goyun Technology Co., Ltd.	Subsidiary
Comlink Fire Systems Inc.	Subsidiary
SIGMU D.P.T. Company Ltd.	Subsidiary
Chung Po Rental Co., Ltd.	Subsidiary
Lee Yuan Biomedical Co., Ltd.	Subsidiary
Gowin Smart Parking Co., Ltd.	Subsidiary
Living Plus Food & Beverage Co., Ltd.	Subsidiary
Sunseap Solutions Taiwan Limited	Subsidiary
Jian Sheng International Co., Ltd.	Subsidiary
Epic Tech Taiwan Inc.	Subsidiary
Sphinx Foods Company Limited	Subsidiary

Related Party Name	The Relationship with the Company
Goldsun Building Materials Co., Ltd.	Associate
Anfeng Enterprise Co., Ltd.	Associate
Wellpool Co., Ltd.	Associate
Raixin Quality products Ltd.	Associate
Kunying Construction and Engineering Co., Ltd.	Associate
eSkylink Inc.	Associate
Taipei Port Terminal Company, Ltd.	Associate
HQ Design 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,	
	2021	2020
Subsidiaries	\$171,423	\$175,682
Associates	232,958	190,628
Other related parties	483	98
Total	<u>\$404,864</u>	<u>\$366,408</u>

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,	
	2021	2020
Entity with joint control or significant influence over the Company	\$9,301	\$5,491
Subsidiaries		
LeeBao Security Co., Ltd.	228,006	184,910
Others	301,974	300,050
Subtotal	<u>529,980</u>	<u>484,960</u>
Associates	37	-
Other related parties	141	2,522
Total	<u>\$539,459</u>	<u>\$492,973</u>

The purchase price to the above related parties was determined through mutual agreement based on the market rates. The payment terms from the related party suppliers are comparable with third party suppliers and are between 2-3 months.

(3) Notes receivable from related parties

	As of December 31,	
	2021	2020
Associates	\$-	\$581
Less: loss allowance	-	-
Net	<u>\$-</u>	<u>\$581</u>

(4) Accounts receivable from related parties

	As of December 31,	
	2021	2020
Subsidiary		
Brighton Technology and Engineering Corporation	\$24,136	\$7,567
Lee Way Electronics Co., Ltd.	10,786	6,390
Others	17,913	3,541
Subtotal	<u>52,835</u>	<u>17,498</u>
Associates		
Anfeng Enterprise Co., Ltd.	108,010	80,961
Others	622	81
Subtotal	<u>108,632</u>	<u>81,042</u>
Other related parties	<u>84</u>	<u>84</u>
Total	<u>161,551</u>	<u>98,624</u>
Less: loss allowance	<u>-</u>	<u>-</u>
Net	<u>\$161,551</u>	<u>\$98,624</u>

(5) Notes payables to related parties

	As of December 31,	
	2021	2020
Subsidiaries		
Titan Star International Co., Ltd.	\$114,968	\$158
Aion Technologies Inc.	30,102	30,856
Living Plus Food & Beverage Co., Ltd.	256	7,518
LeeBao Security Co., Ltd.	8	5,445
Others	4,463	2,586
Subtotal	<u>149,797</u>	<u>46,563</u>
Associates	-	189
Other related parties	<u>30</u>	<u>56</u>
Total	<u>\$149,827</u>	<u>\$46,808</u>

(6) Accounts payables to related parties

	As of December 31,	
	2021	2020
Entity with joint control or significant influence over the Company	\$755	\$834
Subsidiaries		
Titan Star International Co., Ltd.	54,949	43,970
Aion Technologies Inc.	13,574	9,068
Others	2,345	1,014
Subtotal	70,868	54,052
Associates	-	130
Other related parties	3,364	195
Total	<u>\$74,987</u>	<u>\$55,211</u>

(7) Other payables to other related parties

	As of December 31,	
	2021	2020
Subsidiaries		
LeeBao Security Co., Ltd.	\$27,178	\$14,532
Aion Technologies Inc.	6,121	-
Others	1,601	522
Subtotal	34,900	15,054
Associates	186	8
Other related parties	397	-
Total	<u>\$35,483</u>	<u>\$15,062</u>

(8) Right-of-use assets

	As of December 31,	
	2021	2020
Other related parties	<u>\$20,601</u>	<u>\$20,074</u>

The lease deposits to other related parties amounted to both NT\$1,271 thousand as of December 31, 2021 and 2020.

(9) Lease liabilities

	As of December 31,	
	2021	2020
Other related parties	<u>\$20,708</u>	<u>\$20,250</u>

(10)Lease expenditure

	For the years ended	
	December 31,	
	2021	2020
Subsidiaries	\$5,527	\$5,325

The lease deposits to related parties amounted to NT\$30,250 thousand as of December 31, 2021 and 2020.

(11)Property transactions

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

	As of December 31,	
	2021	2020
Entity with joint control or significant influence over the		
Company	\$5,156	\$7,024
Subsidiaries	445,943	328,544
Other related parties	-	380
Total	\$451,099	\$335,948

The Company sold property, plant and equipment to its subsidiary for gains on disposal of property, plant and equipment of NT\$118 thousand, and proceeds from disposal of property, plant and equipment of NT\$118 thousand for the year ended December 31, 2021.

The Company sold property, plant and equipment to its subsidiary and associates for gains 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.

(12)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\$45,606 thousand and NT\$46,045 thousand for the years ended December 31, 2021 and 2020, respectively. The royalty payable was NT\$22,654 thousand and NT\$22,959 thousand as of December 31, 2021 and 2020, respectively, which was recognized as other payables.

(13)Key management personnel compensation

	For the years ended	
	December 31,	
	2021	2020
Short-term employee benefits	\$245,747	\$234,512
Post-employment benefits	2,099	2,061
Total	\$247,846	\$236,573

## 8. Assets pledged as Security

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

Items	Carrying amount		Secured liabilities
	December 31, 2021	December 31, 2020	
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

In accordance with the resolution of the Board of Directors' meeting on May 13, 2021, the Company acquired 12,010,227 shares of Golden Harvest Food Enterprise Ltd. with a cash consideration of NT\$520,874 thousand on January 3, 2022. Upon the transaction completed, the Company will hold approximately 97.84% of voting rights of Golden Harvest Food Enterprise Ltd. All shares had been delivered on January 3, 2022.

## 12. Others

### (1) Categories of financial instruments

<u>Financial assets</u>	As of December 31,	
	2021	2020
Financial assets designated at fair value through profit or loss	\$42,138	\$-
Financial assets at fair value through other comprehensive income	118,137	68,671
Financial assets measured at amortized cost		
Cash and cash equivalents	713,713	910,456
Financial assets measured at amortized cost	11,500	11,500
Trade receivables	1,171,747	1,057,772
Refundable deposits	234,344	217,556
Subtotal	2,131,304	2,197,284
Total	\$2,291,579	\$2,265,955



<u>Financial liabilities</u>	<u>As of December 31,</u>	
	<u>2021</u>	<u>2020</u>
Financial liabilities at amortized cost:		
Short-term loans	\$300,000	\$1,400,000
Trade and other payables	1,221,969	987,992
Long-term loans (including current portion with maturity less than 1 year)	3,040,000	1,866,000
Lease liabilities	155,485	229,429
Guarantee deposits	583,817	598,789
Total	<u>\$5,301,271</u>	<u>\$5,082,210</u>

(2) Financial risk management objectives and policies

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

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors 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 variables. In other words, there is usually interdependency between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependency between risk variables.

Foreign currency risk

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

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, and the amounts are usually insignificant, therefore natural hedge is self-fulfilled. 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\$2,840 thousand and NT\$2,646 thousand for the years ended December 31, 2021 and 2020, 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\$(3,703) thousand and NT\$(2,031) thousand on the income or equity attributable to the Company for the years ended December 31, 2021 and 2020 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, 2021 and 2020, 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

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
As of December 31, 2021					
Borrowings	\$1,468,242	\$1,910,478	\$-	\$-	\$3,378,720
Trade and other payables	1,221,969	-	-	-	1,221,969
Lease Liability	82,940	41,006	9,500	26,400	159,846
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

Notes:

1. Including cash flows resulted from short-term leases or leases of low-value assets.
2. Information about the maturities of lease liabilities is provided in the table below:

	Maturities					Total
	Less than 1 year	1 to 5 years	6 to 10 years	10 to 15 years	>15 years	
2021.12.31	\$81,825	\$48,815	\$10,913	\$11,544	\$2,388	\$155,485
2020.12.31	123,167	79,308	10,791	11,415	4,748	229,429

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

(6) Reconciliation for liabilities arising from financing activities

Information of reconciliation for liabilities during 2021 is as follows:

	Short-term loans	Long-term loans	Leases liabilities	Balance of liabilities arising from financing activities
2021.1.1	\$1,400,000	\$1,866,000	\$229,429	\$3,495,429
Cash flow	(1,100,000)	1,174,000	(142,393)	(68,393)
Non-cash changes	-	-	68,449	68,449
2021.12.31	<u>\$300,000</u>	<u>\$3,040,000</u>	<u>\$155,485</u>	<u>\$3,495,485</u>

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	-	-	192,198	192,198
2020.12.31	<u>\$1,400,000</u>	<u>\$1,866,000</u>	<u>\$229,429</u>	<u>\$3,495,429</u>

(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, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	\$-	\$-	\$42,138	\$42,138
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	37,029	-	81,108	118,137

As of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2021 and 2020, 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, 2021	\$48,359
Total losses recognized for the year ended December 31, 2021:	
Amount recognized in OCI (present in Unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	30,415
Acquisition/issue for the year ended December 31, 2021	4,512
Disposition/acquittance for the year ended December 31, 2021	(2,178)
Ending balances as of December 31, 2021	\$81,108

	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

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, 2021

	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\$7,770 thousand

## 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

### 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 analyzed the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as 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, 2021

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6)	\$-	\$-	\$314,133	\$314,133
Investments accounted for under the equity method (please refer to Note 6)	2,265,123	-	-	2,265,123

As of December 31, 2020

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (please refer to Note 6)	\$-	\$-	\$304,943	\$304,943
Investments accounted for under the equity method (please refer to Note 6)	1,938,894	-	-	1,938,894

(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\$416 thousand and NT\$1,089 thousand for the years ended December 31, 2021 and 2020, 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)
	<u>For the year ended 2021</u>						
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Revenues	\$(24,614)	Note 4	-
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Costs	228,006	Note 4	2%
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Other payables	27,178	-	-
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Accrued expenses	27,177	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Revenues	14,514	Note 4	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Costs	139,030	Note 4	1%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Accounts payable	169,917	-	1%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Guarantee deposits	30,000	-	-
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Costs	114,636	Note 4	1%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Accounts payable	43,676	-	-
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	1	Revenues	18,998	Note 4	-
0	Taiwan Secom Co., Ltd.	Ching-Dian Tech Co., Ltd.	1	Revenues	32,560	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Revenues	44,719	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Accounts receivable	10,786	-	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Revenues	40,549	Note 4	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Accounts receivable	24,136	-	-
0	Taiwan Secom Co., Ltd.	Gowin Building Management Services Co., Ltd.	1	Revenues	12,542	Note 4	-
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	1	Revenues	10,359	Note 4	-
1	Titan Star International Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	589,129	Note 4	4%
2	Aion Technologies Inc.	Taiwan Secom Co., Ltd.	2	Revenues	320,698	Note 4	2%
3	Goyun Security Co., Ltd.	KuoHsing Security Co., Ltd.	3	Revenues	59,593	Note 4	-

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

(3) The Company is coded "0".

(4) Subsidiaries are coded consecutively starting from "1" in the order presented in the table above.

Note 2: Transactions are categorized as follows:

(4) Parent company to subsidiary

(5) Subsidiary to parent company

(6) 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.

(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	Amount of sales to			Reason for financing	Loss allowance	Collateral		Limit of financing	Limit of total
								Interest rate	Nature of financing	(purchases from) counter-party			Item	Value		
1	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	Other receivables - related parties	Yes	\$60,000	\$60,000	\$53,000	-	(Note 6(2))	\$-	Business turnover	\$-	-	\$-	682,536 (Note 1)	1,365,071 (Note 2)
2	Speed Investment Co., Ltd.	SIGMU D.P.T. Company Ltd.	Other receivables - related parties	Yes	50,000	50,000	20,000	-	(Note 6(2))	-	Business turnover	-	-	-	682,536 (Note 1)	1,365,071 (Note 2)
3	Speed Investment Co., Ltd.	Living Plus Food & Beverage Co., Ltd.	Other receivables - related parties	Yes	20,000	20,000	20,000	-	(Note 6(2))	-	Business turnover	-	-	-	682,536 (Note 1)	1,365,071 (Note 2)
4	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	Other receivables - related parties	Yes	1,600,000	1,600,000	-	0.6%~0.9%	(Note 6(2))	-	Business turnover	-	-	-	2,321,643	4,643,287
5	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	Other receivables - related parties	Yes	600,000	600,000	-	0.6%~0.9%	(Note 6(2))	-	Business turnover	-	-	-	2,321,643 (Note 3 (1))	4,643,287 (Note 4)
6	Taiwan Secom Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	Other receivables - related parties	Yes	300,000	300,000	-	0.6%~0.9%	(Note 6(2))	-	Business turnover	-	-	-	2,321,643 (Note 3 (1))	4,643,287 (Note 4)
7	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	Other receivables related parties	Yes	80,000	80,000	-	0.6%~0.9%	(Note 6(2))	-	Business turnover	-	-	-	2,321,643 (Note 3 (1))	4,643,287 (Note 4)

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

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

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

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

- (1) If the financing is related to business transactions, financing to Taiwan Secom 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 Taiwan Secom Co., Ltd. shall not exceed 20% of the net assets values from the latest financial statements. Note 4: Total financing amount of Taiwan Secom Co., Ltd. shall not exceed 40% of the audited/reviewed net assets value of the most current period.

Note 5: 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 6: (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.

(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	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.	\$3,482,465 (Note 4)	\$30,000	\$-	\$-	\$-	0.00%	\$5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	An investee which holds directly 100% of equity interest.	3,482,465 (Note 4)	2,100,000	700,000	-	-	6.03%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	An investee which holds directly 83.77% of equity interest.	3,482,465 (Note 4)	50,000	50,000	-	-	0.43%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Gowin Building Management Services Co., Ltd.	An investee which holds directly 80.96% of equity interest.	3,482,465 (Note 4)	500,000	450,000	89,374	-	3.88%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	An investee which holds directly 73.75% of equity interest.	3,482,465 (Note 4)	50,000	-	-	-	0.00%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	An investee which holds directly 34.29% of equity interest.	3,482,465 (Note 4)	100,000	100,000	-	-	0.86%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Brighton Technology and Engineering Corporation	An investee which holds indirectly 96.12% of equity interest.	3,482,465 (Note 4)	500,000	500,000	-	-	4.31%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	SIGMU D.P.T. Company Ltd.	An investee which holds indirectly 96.12% of equity interest.	3,482,465 (Note 4)	30,000	30,000	-	-	0.26%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Gowin Smart Parking Co., Ltd.	An investee which holds indirectly 100% of equity interest.	3,482,465 (Note 4)	130,000	130,000	36,300	-	1.12%	5,804,109 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	An investee which holds indirectly 100% of equity interest.	3,482,465 (Note 4)	30,000	-	-	-	0.00%	5,804,109 (Note 4)	Y	N	N
1	Aion Technologies Inc.	Brighton Technology and Engineering Corporation	An investee which holds directly 15.22% of equity interest.	58,850 (Note 1)	2,100	1,400	1,400	-	0.48%	58,850 (Note 1)	N	N	N
2	Gowin Building Management and Maintenance Co., Ltd.	Gowin Smart Parking Co., Ltd.	An investee which holds directly 100% of equity interest.	3,482,465 (Note 2)	50,000	50,000	-	-	5.66%	5,804,109 (Note 2)	N	N	N
2	Gowin Building Management and Maintenance Co., Ltd.	Taiwan Secom Co., Ltd.	Parent company	3,482,465 (Note 2)	3,310	3,310	3,310	-	0.37%	5,804,109 (Note 4)	N	Y	N
3	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	An investee which holds directly 84.1% of equity interest.	3,482,465 (Note 3)	25,000	-	-	-	0.00%	5,804,109 (Note 2)	N	N	N
3	Speed Investment Co., Ltd.	Sunseap Solutions Taiwan Limited	An investee which holds directly 51.00% of equity interest.	3,482,465 (Note 3)	10,000	10,000	-	-	0.29%	5,804,109 (Note 2)	N	N	N
4	Goyun Security Co., Ltd.	KuoHsing Security Co., Ltd.	An investee which holds indirectly 0.09% of equity interest.	59,593 (Note 5)	1,040	-	-	-	0.00%	5,804,109 (Note 3)	N	N	N

- Note 1: A subsidiary in which Taiwan Secom Co., Ltd. holds directly or indirectly over 50% of equity interest. Guarantee/endorsement amount are as follows:  
(4) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.  
(5) 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.  
(6) Beside abovementioned limit, guarantee/endorsement amount of an investee company that has a business relationship with the Company shall not exceed trading amount, which is higher between sales and purchases.
- Note 2: Limit of guarantee/endorsement amount of Aion Technologies Inc. are as follows :  
(4) Total guarantee amount of the Company to net assets value from the latest financial statement shall not exceed 50%.  
(5) Guarantee/endorsement amount for receiving party to net assets value from the latest financial statement shall not exceed 20%.  
(6) Beside abovementioned limit, guarantee/endorsement amount of an investee company that has a business relationship with the Company shall not exceed trading amount, which is higher between sales and purchases.
- Note 3: Limit of guarantee/endorsement amount of Gowin Building Management and Maintenance Co., Ltd. are as follows :  
(4) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.  
(5) 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.  
(6) Beside abovementioned limit, guarantee/endorsement amount of an investee company that has a business relationship with the Company shall not exceed trading amount, which is higher between sales and purchases.
- Note 4: A subsidiary in which Speed Investment Co., Ltd. holds directly or indirectly over 50% of equity interest. Guarantee/endorsement amount are as follows :  
(4) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.  
(5) 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.  
(6) 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:  
(5) This is the total contact amount agreed by KuoHsing 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.  
(6) Total guarantee amount of the Company and its subsidiaries to net assets value of open-released parent company shall not exceed 50%.  
(7) 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.  
(8) 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, 2021 (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)	
<u>Taiwan Secom Co., Ltd.</u>	Listed companies stocks- Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	444,525	\$37,029	0.75%	\$83.30	
	Unlisted companies stocks- BlissCloud Group Holdings Corp	-	Financial assets at fair value through other comprehensive income-non-current	987,762				
	Top Taiwan VIII Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,191,666	26,352	4.41%	-	
	GAMA Pay Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	2,410,714	6,750	2.08%	22.11	
	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,591,367	42,457	3.01%	2.80	
	Global Securities Finance Corporation	-	Financial assets at fair value through other comprehensive income-non-current	29,102	291	10.61%	26.68	
	Raixin Quality Products Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,578,976	5,258	0.16%	10.00	
	Convertible Bond- Inline group Limited-USD 1,500,000	-	Financial assets at fair value through profit or loss	-	42,138	-	-	
<u>Lee Way Electronics Co., Ltd.</u>	Listed companies stocks- Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	163,284	16,982	0.04%	104.00	
	Unlisted companies stocks- Huijia Health Life Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	50,000	107	0.25%	2.14	
<u>LeeBao Technology Co., Ltd.</u>	Unlisted companies stocks- GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,239,180	33,061	8.26%	26.68	
<u>Ching-Dian Tech Co., Ltd.</u>	Listed companies stocks- Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	51,100	4,257	0.09%	83.30	
<u>Tital Star International Co., Ltd.</u>	Unlisted companies stocks- Golden Harvest Food Enterprise Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	896,148	12,484	7.30%	13.93	
	International Integrated Systems, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	497,227	10,770	0.68%	21.66	
	Oriental Life Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	182,500	2,542	7.30%	13.93	
<u>Chung Hsing E-Guard Co., Ltd.</u>	Listed companies stocks- Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	552,655	57,476	0.12%	104.00	

Securities held for the year ended December 31, 2021 (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)	
<u>KuoHsing Security Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	3,625,284	\$377,029	0.80%	\$104.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	281,000	17,225	0.78%	61.30	
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	468,837	39,054	0.79%	83.30	
<u>Gowin Building Management Services Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	2,232,564	232,187	0.49%	104.00	
<u>Lots Home Entertainment Co., Ltd.</u>	Unlisted companies stocks-							
	The Tag-Along Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	44,453	250	15.00%	5.62	
	Daxiao Creative Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,000,000	6,990	6.90%	6.99	
<u>Goyun Security Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	252,820	26,293	0.06%	104.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	181,500	11,126	0.50%	61.30	
<u>Speed Investment Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	3,447,198	358,509	0.76%	104.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	302,500	18,543	0.84%	61.30	
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	7,000	583	0.01%	83.30	
	Unlisted companies stocks-							
	Top Taiwan VI Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	335,000	3,469	2.17%	10.36	
	Mingfu Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	100,000	414	9.09%	4.14	
	Yuji Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	506,250	7,326	3.75%	14.47	
	Imperial Food Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	300,000	1,665	3.00%	5.55	
	Fund-							
	AsiaVest Opportunities Fund	-	Financial assets at fair value through profit or loss-current	200	1,020	0.74%	US\$184.19	
<u>TransAsia Catering Service Ltd.</u>	Fund-							
	O-Bank No.1 Real Estate Investment Trust	-	Financial assets at fair value through other comprehensive income-current	17,046,000	155,289	5.68%	9.11	
<u>Aion Technologies Inc.</u>	Listed companies stocks-							
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	366,345	30,516	0.62%	83.30	
	Taiwan Shin Kong Security Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	15,000	405	0.00%	27.00	

## 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)	
<u>Taiwan Secom Co., Ltd.</u>	Aion Technologies Inc.	Subsidiary accounted for using the equity method	Note 1	\$320,698	Note 1	30-60 days	-	-	\$(43,676)	7%	
	Anfeng Enterprise Co., Ltd.	Investee accounted for using the equity method	Sales	(227,180)	-3%	30-60 days	-	-	108,010	11%	
	LeeBao Security Co., Ltd.	Subsidiary accounted for using the equity method	Purchase	228,006	6%	30-60 days	-	-	(27,177)	5%	
	Titan Star International Co., Ltd.	Subsidiary accounted for using the equity method	Note 2	589,129	Note 2	30-60 days	-	-	(169,917)	29%	
<u>Goldsun Express &amp; Logistics Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Investee accounted for using the equity method	Note 3	(511,771)	Note 3	30 days	-	-	125,161	13%	

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

Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock

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

Company name	Counter-party	Relationship	Ending balance of receivables	Turnover rate (times)	Overdue receivables		Amount received in amount collection status subsequent period	Loss allowance
					Amount	Collection status		
Anfeng Enterprise Co., Ltd.	Taiwan Secom Co., Ltd.	Investee accounted for using the equity method	\$108,010	-	\$-	\$-	\$-	\$-

## Attachment 7-1

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		
<u>Taiwan Secom Co., Ltd.</u>	Speed Investment Co., Ltd.	Taipei City	Investment holding	\$138,200	\$415,130	258,534,739	100.00%	\$2,875,207	\$274,629	\$186,717
	LeeBao Security Co., Ltd.	Taipei City	Security services providing	198,006	198,006	83,983,458	100.00%	1,487,250	273,671	273,671
	Goyun Security Co., Ltd.	Kaohsiung City	Security services providing	40,034	40,034	27,705,510	100.00%	549,558	98,889	101,493
	Chung Hsing E-Guard Co., Ltd.	Taipei City	Sales of electric, telecommunications and fireproof products	20,000	66,976	2,000,000	100.00%	10,756	2,447	(417)
	Goldsun Express & Logistics Co., Ltd.	New Taipei City	Air cargo transporting services	613,878	613,878	59,464,914	100.00%	687,306	49,140	48,987
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	-	-	29,321,619	83.77%	598,707	209,746	160,195
	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	101,911	101,911	28,463,488	80.96%	512,228	186,577	140,102
	Aion Technologies Inc.	Taipei City	Technology support services	139,356	139,356	12,739,895	73.75%	202,614	54,464	42,098
	Taiwan Secom Insurance Brokerage Services Inc.	Taipei City	Insurance broker	13,063	3,600	912,600	90.00%	27,871	5,622	3,137
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	-	449,526	-	-	-	(224)	122
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	87,125	121,419	6,858,894	34.29%	107,934	63,148	16,176
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital video and movie distribution	186,480	43,676	683,920	1.93%	3,909	2,781	(1,415)
	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%	758,822	(22,160)	(14,940)
	SIGMU D.P.T. Co., Ltd.	Taipei City	Wholesale and installation of fire safety equipment	-	6,776	-	-	-	21,288	4,402
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	6,776	-	2,085,434	5.18%	26,819	21,317	4,725
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	1,257,922	1,253,441	77,705,747	6.59%	1,623,596	2,848,871	187,114
	TransAsia Airways Corp.	Taipei City	Aviation services	833,409	833,409	76,245,604	10.05%	-	-	-
	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%	14,497	5,892	1,768
	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%	293,338	(3,492)	(1,741)
	GALC Inc.	Taipei City	Manufacturing of metal structures and building components	9,000	-	900,000	30.00%	9,483	1,609	483
<u>Speed Investment Co., Ltd.</u>	Titan Star International Co., Ltd.	Taipei City	Manufacturing, selling and processing of security-related equipment and parts	272,396	272,396	97,502,010	100.00%	1,715,331	244,529	244,232
	SVS Corporation	Taipei City	Vehicles maintenance services	-	80,000	-	-	-	(3,717)	(5,318)
	Jiansheng International Co., Ltd.	Taipei City	Medical equipment and AED rental services	20,000	20,000	2,000,000	100.00%	20,301	243	238
	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	-	20,026	-	-	-	21,288	12,278
	Comlink Fire Systems Inc	Taoyuan City	Wholesale of fire safety equipment	-	85,938	-	-	-	(1,507)	(444)
	Babyboss Co., Ltd.	Taipei City	Educational and recreational services	-	152,308	-	-	-	-	5,616
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital video and movie distribution	375,568	375,568	29,865,578	84.10%	171,217	2,781	1,743
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	147,780	86,090	13,992,000	93.28%	152,465	9,988	(29,286)
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	103,446	150,376	9,385,856	46.93%	171,001	63,148	25,285
	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%	53,894	(22,160)	(805)
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	-	151,021	-	-	-	(224)	(106)
	Taiwan Secom Insurance Brokerage Services Inc.	Taipei City	Insurance broker	1,927	1,927	101,400	10.00%	3,097	5,622	552
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	89,181	89,181	8,472,699	0.72%	154,010	2,848,871	20,488
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	124,740	124,740	28,201,692	70.00%	335,931	21,317	15,491
	Livingplus Food and Beverage Co., Ltd.	Taipei City	Catering services	-	52,040	-	-	-	(17,288)	(8,543)
	Sunseap Solutions Taiwan Limited	Taipei City	Energy-saving solutions technology	15,300	3,060	1,530,000	51.00%	12,846	(2,690)	(1,393)
	Epic Tech Taiwan Inc.	Taipei City	Information management platform	31,200	31,200	3,120,000	78.00%	8,049	(20,131)	(17,897)
	Sphinx Foods Company Limited	Taipei City	Food manufacturing	-	20,000	-	-	-	-	(19)
<u>Titan Star International Co., Ltd.</u>	eSkylink Inc.	Taipei City	Telecom value-added network services	7,301	7,301	884,016	19.71%	22,062	33,630	5,455
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	30,244	30,244	2,303,654	5.72%	38,651	21,317	1,120
	TransAsia Airways Corp.	Taipei City	Aviation Services	54,007	54,007	4,405,028	0.58%	-	-	-
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	368,654	295,801	50,923,710	4.32%	948,679	2,848,871	122,315
	Comlink Fire Systems Inc	Taoyuan City	Wholesale of fire safety equipment	-	176	-	-	-	(1,507)	-
	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	-	55	-	-	-	21,288	32
	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%	67,429	(22,160)	(1,007)
	Taiwan Video System Co., Ltd.	Taipei City	Sales and manufacture of digital signage and monitors	-	21,516	-	-	-	(224)	-

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 7-2

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	Initial Investment						Net income (loss) of investee company	Investment income (loss) recognized	Note
			Main businesses and products	Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
<u>Goldsun Express &amp; Logistics Co., Ltd.</u>	Goldsun Express Ltd.	New Taipei City	The custom broker services	\$26,833	\$26,833	3,361,248	100.00%	\$37,321	\$1,477	\$1,490	
<u>Govun Security Co., Ltd.</u>	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	15,000	15,000	2,154,042	6.13%	43,981	186,577	10,793	Note 1
	TransAsia Airways Corp.	Taipei City	Aviation Services	28,978	28,978	1,635,080	0.22%	-	-	-	
	Babyboss Co., Ltd.	Taipei City	Educational and recreational services	-	1,814	-	0.00%	-	-	205	
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	10,08	10,080	1,008,000	6.72%	10,959	9,988	459	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	0	69,882	7,531,136	0.64%	109,711	2,848,871	18,294	
	Guoyun Technology Co., Ltd.	Kaohsiung City	Car parking lot services	69,882	150,000	15,000,000	100.00%	130,411	(7,480)	(7,480)	
	Lots Home Entertainment Co., Limited	Taipei City	Digital video and movie distribution	150,000	-	1,240,688	3.49%	7,068	2,781	298	
				1,814							
<u>KuoHsing Security Co., Ltd.</u>	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	26,615	26,615	4,540,260	12.91%	131,697	186,577	22,791	Note 1
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	20,020	29,045	1,804,972	9.02%	37,418	63,148	7,254	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	287,478	216,592	16,300,599	1.38%	341,483	2,848,871	35,157	
	TransAsia Airways Corp.	Taipei City	Aviation Services	47,581	47,581	4,360,832	0.57%	-	-	-	
	Chung Po Rental Co., Ltd.	New Taipei City	Mini-Storage rental services	10,000	30,000	1,000,000	100.00%	7,672	230	230	
	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%	47,936	(22,160)	(481)	
<u>Gowin Building Management and Maintenance Co., Ltd.</u>	Gowin Security Co., Ltd.	Taipei City	Corporate security guarding services	40,000	40,000	4,000,000	100.00%	91,155	27,844	27,844	Note 1
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	12,515	12,515	506,692	1.45%	16,346	209,746	1,831	
	TransAsia Airways Corp.	Taipei City	Aviation Services	19,639	19,639	2,101,872	0.28%	-	-	-	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	65,894	65,894	4,279,913	0.36%	77,497	2,848,871	6,096	
	Gowin Smart Parking Co., Ltd.	Taipei City	Car parking lot services	50,000	50,000	5,000,000	100.00%	41,195	(5,564)	(5,564)	
<u>Babyboss Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	-	66,118	-	-	-	2,848,871	6,651	
<u>Lee Way Electronics Co., Ltd.</u>	Lee Yuan Biomedical Co., Ltd.	Taipei City	Medical equipment and AED rental services	30,000	30,000	5,000,000	100.00%	86,668	27,469	27,472	
	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%	33,924	(22,160)	(928)	
<u>LeeBao Security Co., Ltd.</u>	LeeBao Technology Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	50,000	50,000	5,000,000	100.00%	52,781	1,543	1,543	
<u>Aion Computer Communication Co., Ltd.</u>	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	81,623	81,623	6,132,000	15.22%	106,920	21,317	4,249	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	76,600	29,866	3,499,811	0.30%	84,936	2,848,871	5,414	
	Epic Tech Taiwan Inc.	Taipei City	Information management platform	7,800	7,800	780,000	19.50%	2,012	(20,131)	(4,474)	
<u>TransAsia Catering Services Ltd.</u>	Global Food Co., Ltd.	Taoyuan City	Retail of food product	18,000	18,000	1,800,000	30.00%	24,443	7,971	2,392	
	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	194,053	152,116	7,531,574	0.64%	175,674	2,848,871	20,403	
	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	14,180	-	8,000,000	100.00%	5,597	(17,288)	(8,583)	
<u>Ching-Dian Tech Co., Ltd.</u>	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	-	6,404	-	0.00%	-	(17,288)	432	
	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	101,486	-	4,145,000	0.35%	103,911	2,848,871	4,404	
<u>Lots Home Entertainment Co., Limited</u>	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	66,118	-	6,760,906	0.57%	121,791	2,848,871	9,564	
<u>Living Plus Food &amp; Beverage Co., Ltd.</u>	Pony Drink Dream Co., Ltd.	Taipei City	Catering services	7,000	-	700,000	35.00%	7,000	(354)	-	
<u>Brighton Technology and Engineering Corporation</u>	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	100,281	-	3,080,800	100.00%	101,560	21,288	1,279	
	Comlink Fire Systems Inc.	Taoyuan City	Wholesale of fire safety equipment	40,917	-	206,250	100.00%	24,856	1,507	(1,061)	

(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, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2021	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2021
					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 4,800	(2)	-	-	-	-	-	17.20%	-	-	-

Accumulated Investment in Mainland 2021/12/31 China as of	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
\$-	\$120,801	\$7,211,147

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 9

Major Shareholders Information

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

Name	Number of shares	Percentage of ownership (%)
SECOM CO. LTD	123,110,870	27.28%
Shin Kong Life Insurance Co., Ltd	36,808,205	8.15%

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	December 31, 2021	Dec. 31, 2020	Difference	
			Amount	%
Current assets	8,472,607	8,894,062	(421,455)	-4.74%
Investments accounted for under the equity method	4,112,111	3,612,097	500,014	13.84%
Property, plants, and equipment	7,178,382	7,067,044	111,338	1.58%
Other non-current assets	3,849,844	3,596,224	253,620	7.05%
<b>Total assets</b>	<b>23,612,944</b>	<b>23,169,427</b>	<b>443,517</b>	<b>1.91%</b>
Current liabilities	6,908,393	6,717,858	190,535	2.84%
Non-current liabilities	4,685,972	4,752,957	(66,985)	-1.41%
<b>Total liabilities</b>	<b>11,594,365</b>	<b>11,470,815</b>	<b>123,550</b>	<b>1.08%</b>
Share capital	4,511,971	4,511,971	-	0.00%
Capital surplus	824,811	813,963	10,848	1.33%
Retained earnings	6,575,176	6,302,407	272,769	4.33%
Other equities	(15,352)	(100,384)	85,032	-84.71%
Treasury stock	(288,389)	(288,389)	-	0.00%
Non-controlling interests	410,362	459,044	(48,682)	-10.61%
<b>Total equity</b>	<b>12,018,579</b>	<b>11,698,612</b>	<b>319,967</b>	<b>2.74%</b>
<p>●Main reasons of significant changes in assets, liabilities, and equity in the most recent two fiscal years:</p> <p>1.Other equity decreased, mainly due to the recognition of unrealized gains of financial assets measured at fair value through other comprehensive gains and losses.</p> <p>●Effect of Capital Structure Analysis and changes in the most recent fiscal years: No significant effects in the Capital Structure Analysis.</p> <p>●Future countermeasures: Not applicable.</p>				

## 7-2 Financial performance

Unit: NT\$ thousand; %

Items \ Year	2021	2020	Amount of increase (Decrease)	Rate of change (%)
Net operating revenue	14,134,897	13,706,365	428,532	3.13%
Operating cost	9,100,685	8,697,290	403,395	4.64%
Gross profit	5,034,212	5,009,075	25,137	0.50%
Operating expenses	2,368,326	2,369,079	(753)	-0.03%
Operating income	2,665,886	2,639,996	25,890	0.98%
Non-operating income and expenses	419,559	344,962	74,597	21.62%
Income before income tax	3,085,445	2,984,958	100,487	3.37%
Income tax expenses	(506,560)	(547,730)	(41,170)	-7.52%
Net income	2,578,885	2,437,228	141,657	5.81%
Other comprehensive income or loss (net of tax)	53,245	(134,479)	187,724	-139.59%
Total comprehensive income for the period	2,632,130	2,302,749	329,381	14.30%
Profit attributable to shareholders of the parent	2,526,684	2,388,900	137,784	5.77%
Comprehensive income attributable to shareholders of the parent	2,569,297	2,254,494	314,803	13.96%
<p>● Analysis and explanation of the increase or decrease in ratio in the last two years:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. The increase in other comprehensive income is mainly due to the recognition of unrealized gain on the valuation of equity instruments measured at fair value through other comprehensive income.</li> </ol> <p>● Expected sales for the next one year and its basis: Please refer to "Report to Shareholders" on page 1.</p> <p>● Effect of Capital Structure Analysis and changes in the most recent fiscal years: No significant effects in the Capital Structure Analysis.</p> <p>● Future countermeasures: Not applicable.</p>				

### 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 provided by operating activities for the year	Cash outflow for the year	Amount of cash surplus (shortfall)	Remedy for cash shortage	
				Investment plan	Financial plan
5,509,800	3,269,282	4,113,738	4,665,344	-	-

Analysis of changes in cash flow in this year:

- (1) Operating activities: The net cash inflow from operating activities is NT\$3,269,282 thousand, which is mainly due to net profit before tax of NT\$3,085,445 thousand.
- (2) Investment activities: Net cash outflow of NT\$1,358,259 thousand was mainly due to the acquisition of real estate, plant and equipment for NT\$1,105,418 thousand.
- (3) Financing activities: Net cash outflow of NT\$2,755,479 thousand was mainly due to the distribution of cash dividends of 2,255,986 thousand and the repayment of principal of lease liabilities for NT\$345,217 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 operating activities for the year	Estimated Cash outflow for the year	Estimated amount of cash surplus	Remedy for estimated cash shortage	
				Investment plan	Financial plan
4,665,344	3,542,603	4,515,153	3,692,794	-	-

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 2021 and 2020 were NT\$444,257 thousand and NT\$354,486 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 2021 loss on foreign exchange was NT\$1,344, interest income was NT\$10,022, and interest expenses were NT\$49,384.

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 "Vita" AI smart products and functions. More innovative services and products such as "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, 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.

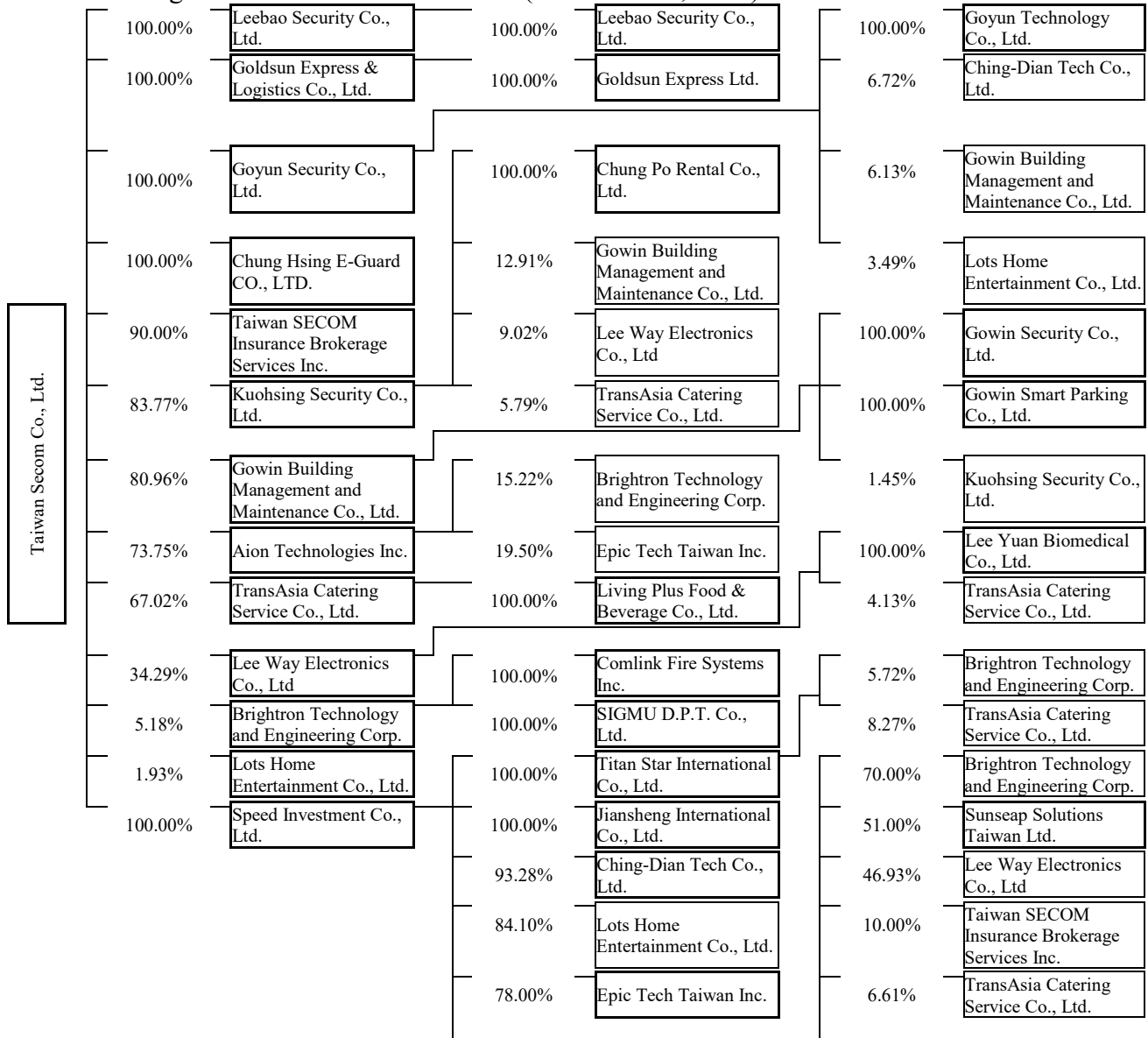
- 7-6-9 Risks faced during material incoming and sales centralization, as well as countermeasure: The Company currently has no problem of overconcentration of purchases and sales. The Company has established a list of alternative suppliers, and the supply at this stage is normal. In case of emergency, 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, General Manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10% 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: On January 6, 2022, investigation units came to the company to investigate the insider trading incident. In response to the investigation, the company cooperated in accordance with the law and provided relevant information as instructed to clarify the case, which had no significant impact on the company's finance and business.

## 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, 2021)



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	Date of 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
Leebao Security Co., Ltd.	1998.01.02	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	839,835	Security service
Aion Technologies Inc.	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	2,585,347	Investment in production and services
Goldsun Express & Logistics Co., Ltd.	1998.01.14	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	594,649	Logistics and warehousing
Chung Hsing E-Guard CO., LTD.	2000.11.21	4F., No.693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	20,000	Digital Information Supply Services.
Lee Way Electronics Co., Ltd	1998.05.08	3F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	200,000	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.	1994.10.19	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	33,612	Custom Declaration
Taiwan SECOM Insurance Brokerage Services Inc.	1996.01.02	10F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	10,140	Insurance
Brighton Technology and Engineering Corp.	1994.04.12	7F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	402,859	Machine manufacturing
SVS Corporation	1999.02.13	No. 418, Songhe Street, Nangang District, Taipei City	50,000	Car and Motorcycle Repair
Leebao Technology Co., Ltd.	2009.04.29	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	50,000	ATM services
Goyun 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	355,123	Video Tape Programs Broadcasting and Motion Picture Distribution
Gowin Security Co., Ltd.	2011.04.22	4F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	40,000	Security service
Ching-Dian 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 Co., Ltd.	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,	10,000	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 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

Company name	Date of Establishment	Address	Paid-up capital	Main business activities
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 Ltd.	2019.06.17	6F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	30,000	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

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, Leebao Security, Aion Technologies, Speed Investment, Goldsun Express & Logistics, Zhong Pao Tzu Tung, Lee Way Electronics, Titan Star International, Ching-Dian Tech 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: LIN Fei-Chang	29,321,619	83.77%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: LU Hung-Liang			
	Supervisor	Representative: CHEN Su-Ling	506,692	1.45%	Gowin Building Management and Maintenance Co., Ltd.
Gowin Building Management and Maintenance Co., Ltd.	Chairman	Representative: LIN Chih-Fang	28,463,488	80.96%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: LIN Lei			
	Supervisor	Representative: CHEN Su-Ling	4,540,260	12.91%	Kuohsing Security Co., Ltd.
Gowin Security Co., Ltd.	Chairman	Representative: CHANG Yi-Chun	27,705,510	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: LIN Lei			
	Director	Representative: HSU Lan-Ying			
	Supervisor	Representative: CHEN Su-Ling			
Leebao Security Co., Ltd.	Chairman	Representative: KAO Chang-Hsiung	83,983,458	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: SU Ying-Chang			
	Supervisor	Representative: CHEN Su-Ling			
Aion Technologies Inc.	Chairman	Representative: CHEN Ying-Chun	12,739,895	73.75%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: LIN Ming-Sheng			
	Director	Representative: LI Jung-Kuei			
	Supervisor	LIN Chien-Han	588,623	3.41%	
Speed Investment Co., Ltd.	Chairman	Representative: LIN Chien-Han	2,585,347,390	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: CHEN Su-Ling			
	Director	Representative: HSU Lan-Ying			
	Supervisor	Representative: CHANG Lan-Ching			

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	
Goldsun Express & Logistics Co., Ltd.	Chairman	Representative: Chia-Ming Kuo	59,464,914	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: CHANG Ming-Tung			
	Supervisor	Representative: LIN Lei			
Chung Hsing E-Guard CO., LTD.	Chairman	Representative: LIU Fu-Hsing	2,000,000	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: CHOU Hsing-Kuo			
	Director	Representative: LIN Chien-Han			
	Supervisor	Representative: CHEN Su-Ling			
Lee Way Electronics Co., Ltd	Chairman	Representative: LIU Fu-Hsing	6,858,894	34.29%	Taiwan Secom Co., Ltd.
	Director	Representative: HUNG Pei-Hsiu			
	Director	Representative: HSU Lan-Ying			
	Director	Representative: CHOU Hsing-Kuo			
	Director	Representative: LIN Chien-Han	1,804,972	9.02%	Kuohsing Security Co., Ltd.
	Supervisor	Representative: CHEN Su-Ling			
Titan Star International Co., Ltd.	Chairman	Representative: CHIANG Wen-Liang	72,855,115	100.00%	Speed Investment Co., Ltd.
	Director	Representative: CHANG Lan-Ching			
	Director	Representative: LI Jung-Kuei			
	Supervisor	Representative: CHEN Su-Ling			
Goldsun Express Ltd.	Chairman	Representative: Kuo Chia-Ming	3,361,248	100.00%	Goldsun Express & Logistics Co., Ltd.
	Chairman	Representative: Kuo Chia-Ming			
	Director	Representative: CHANG Ming-Tung			
	Director	Representative: HSU Lan-Ying			
Taiwan SECOM Insurance Brokerage Services Inc.	Chairman	Representative: LEI Ching-Ming	845,000	83.33%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: LIN Chien-Han			
	Supervisor	Representative: CHEN Su-Ling	101,400	10.00%	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	
Brightron Technology and Engineering Corp.	Chairman	Representative: LIN Lei	6,132,000	15.22%	Aion Technologies Inc.
	Director	Representative: LIN Ming-Sheng			
	Director	Representative: CHOU Hsing-Kuo			
	Supervisor	Representative: CHEN Su-Ling	2,303,654	5.72%	Titan Star International Co., Ltd.
Lots Home Entertainment Co., Ltd.	Chairman	Representative: CHU Han-Kuang	683,920	1.93%	Taiwan Secom Co., Ltd.
	Director	Representative: HAO Bo-Hsiang			
	Director	Representative: LIN Chien-Han			
	Supervisor	Representative: CHEN Su-Ling	29,865,578	84.10%	Speed Investment Co., Ltd.
SVS Corporation	Chairman	Representative: SU Ying-Chang	5,000,000	100.00%	Speed Investment Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: LIN Lei			
	Supervisor	Representative: CHEN Su-Ling			
Leebao Technology Co., Ltd.	Chairman	Representative: KAO Chang-Hsiung	5,000,000	100.00%	Leebao Security Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: SU Ying-Chang			
	Supervisor	Representative: CHEN Su-Ling			
Kuoyun Security Co., Ltd.	Chairman	Representative: LIN Chih-Fang	4,000,000	100.00%	Gowin Building Management and Maintenance Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: LIN Lei			
	Supervisor	Representative: CHEN Su-Ling			
Gowin Smart Parking Co., Ltd.	Chairman	Representative: LIN Chih-Fang	5,000,000	100.00%	Gowin Building Management and Maintenance Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: LIN Lei			
	Supervisor	Representative: CHEN Su-Ling			
Goyun Technology Co., Ltd.	Chairman	Representative: CHANG Yi-Chun	15,000,000	100.00%	Gowin Security 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	
	Director	Representative: LIN Lei			
	Director	Representative: HSU Lan-Ying			
	Supervisor	Representative: CHEN Su-Ling			
Choppa Tech Co., Ltd.	Chairman	Representative: LIN Chien-Han	13,992,000	93.28%	Speed Investment Co., Ltd.
	Director	Representative: WU Yu-Lun			
	Director	Representative: CHEN Ying-Chun			
	Supervisor	Representative: CHANG Nai-Sen	1,008,000	6.72%	Gowin Security Co., Ltd.
Lee Yuan Biomedical Co., Ltd.	Chairman	Representative: CHOU Hsing-Kuo	5,000,000	100%	Lee Way Electronics Co., Ltd
	Director	Representative: HUNG Pei-Hsiu			
	Director	Representative: LIU Fu-Hsing			
	Supervisor	Representative: CHEN Su-Ling			
Comlink Fire Systems Inc.	Chairman	Representative: LIN Lei	206,250	100%	Brighton Technology and Engineering Corp.
	Director	Representative: Ching-Chung Teng			
	Director	Representative: HSU Lan-Ying			
	Supervisor	Representative: CHOU Hsing-Kuo			
TransAsia Catering Services Co., Ltd.	Chairman	Representative: WU Yu-Lun	24,562,918	67.02%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: TSENG Wei-Han			
	Supervisor	Representative: CHEN Su-Ling	2,388,144	6.52%	Trust Sandstone Co., Ltd.
Chung Po Rental Co., Ltd.	Chairman	Representative: LIN Fei-Chang	1,000,000	100.00%	Kuohsing Security Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: LU Hung-Liang			
	Supervisor	Representative: CHEN Su-Ling			
SIGMU D.P.T. Co., Ltd.	Chairman	Representative: LIN Lei	3,080,800	100%	Brighton Technology and Engineering Corp.
	Director	Representative: CHOU Hsing-Kuo			
	Director	Representative: HU Chih-Chiang			
	Supervisor	Representative: LIN Chien-Han			

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	
Living Plus Food & Beverage Co., Ltd.	Chairman	Representative: WU Yu-Lun	8,000,000	100%	TransAsia Catering Services Co., Ltd.
	Director	Representative: LIN Chien-Han			
	Director	Representative: TSENG Wei-Han			
	Supervisor	Representative: CHEN Su-Ling			
Jiansheng International Co., Ltd.	Chairman	Representative: LI Jung-Kuei	2,000,000	100%	Speed Investment Co., Ltd.
	Director	Representative: LIN Ming-Sheng			
	Director	Representative: CHANG Nai-Sen			
	Supervisor	Representative: SU Ying-Chang			
Sunseap Solutions Taiwan Ltd.	Chairman	Representative: LIN Chien-Han	1,530,000	51%	Speed Investment Co., Ltd.
	Director	Representative: CHOU Fu-Wen			
	Director	Representative: LI Jung-Kuei			
	Director	Representative: Phuan Ling Fong	1,470,000	49%	Sunseap Group
	Director	Representative: Wu Jueh Ming Lawrence			
	Supervisor	CHEN Su-Ling			
Epic Tech Taiwan Inc.	Chairman	Representative: LIN Ming-Sheng	3,120,000	78%	Speed Investment Co., Ltd.
	Director	Representative: LIN Chien-Han			
	Director	Representative: CHANG Nai-Sen			
	Supervisor	Representative: CHEN Ying-Chun	780	19.50%	Aion Technologies Inc.

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 affiliated company

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)	Earnings per share (NTD; after tax)
Kuohsing Security Co., Ltd.	350,025	1,304,969	168,138	1,136,831	1,260,517	142,744	209,746	5.99
Gowin Building Management & Maintenance Co., Ltd.	351,578	1,299,217	416,013	883,204	1,280,312	178,629	186,577	5.31
Goyun Security Co., Ltd.	277,055	685,304	109,453	575,851	780,391	86,494	98,889	3.57
Leebao Security Co., Ltd.	839,835	3,149,609	1,662,359	1,487,250	1,304,230	345,211	273,671	3.26
Aion Technologies Inc.	172,752	407,223	122,809	284,414	427,034	63,412	44,443	2.57
Speed Investment Co., Ltd.	2,585,347	3,497,094	72,595	3,424,499	254,857	236,362	236,637	0.92
Goldsun Express & Logistics Co., Ltd.	594,649	1,114,188	427,625	686,563	1,113,300	60,692	49,120	0.83
Chung Hsing E-Guard CO., LTD.	20,000	68,493	236	68,257	8,261	(430)	2,371	1.19
Lee Way Electronics Co., Ltd	200,000	501,594	130,704	370,890	240,043	44,266	65,645	3.28
Titan-Star International Co., Ltd.	975,020	1,996,266	296,844	1,699,422	593,967	141,500	244,529	2.51
Goldsun Express Ltd.	33,612	57,395	20,088	37,307	10,518	1,855	1,476	0.44
Taiwan SECOM Insurance Brokerage Services Inc.	10,140	37,856	6,889	30,967	17,935	5,513	5,620	5.54
Brightron Technology & Engineering Corporation	402,859	559,267	183,645	375,622	315,950	(32,787)	(35,819)	(0.89)
Lots Home Entertainment Co., Ltd.	355,123	263,210	65,735	197,475	5,030	(8,037)	708	0.02
Leebao Technology Co., Ltd.	50,000	52,865	84	52,781	79,770	1,972	1,543	0.31
Gowin Security Co., Ltd.	40,000	152,110	60,955	91,155	438,326	37,546	27,844	6.96
Ching-Dian Tech Co., Ltd	150,000	232,196	67,511	164,685	105,462	3,460	11,179	0.75
Goyun Technology Co., Ltd.	150,000	147,319	16,908	130,411	90,107	(4,298)	(7,480)	(0.50)
Comlink Fire Systems Inc.	2,063	27,553	2,931	24,622	13,950	(1,812)	(1,740)	(8.43)
Lee Yuan Biomedical Co., Ltd.	50,000	120,341	32,788	87,553	93,008	35,393	28,358	5.67
SIGMU D.P.T. Co., Ltd.	30,808	126,409	36,359	90,050	232,881	12,497	9,778	3.17
Gowin Smart Parking Co., Ltd.	50,000	82,494	41,178	41,316	108,028	(5,281)	(5,444)	(1.09)
TransAsia Catering Service Co., Ltd.	366,480	969,805	154,586	815,219	350,729	(56,231)	(19,797)	(0.54)

Company name	Paid-in capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Current Profit and Loss (after tax)	Earnings per share (NTD; after tax)
Chung Po Rental Co., Ltd.	10,000	8,614	942	7,672	1,471	176	230	0.23
Living Plus Food & Beverage Co., Ltd.	80,000	53,997	48,027	5,970	78,193	(20,051)	(16,915)	(2.11)
Jiansheng International Co., Ltd.	20,000	45,185	24,896	20,289	562	270	230	0.12
Sunseap Solutions Taiwan Ltd.	30,000	25,949	761	25,188	8,547	(2,693)	(2,690)	(0.90)
Epic Tech Taiwan Inc.	40,000	10,999	3,239	7,760	1,059	(22,688)	(22,690)	(5.67)

## **Declaration**

The Company hereby declares that the companies required to be included in the consolidated financial statements of affiliates (from January 1, 2021 to December 31, 2021) 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 15, 2022

## **Representation Letter**

The entities including in the consolidated financial statements as of December 31, 2021 and for the year then ended prepared under the International Financial Reporting Standards, No.10 are the same as the entities to be included in the combined financial statements of the Company, if any to be prepared, pursuant to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises (Referred to as “Combined financial Statements”). Also, the footnotes disclosed in the Consolidated Financial Statements have fully covered the required information in such Combined Financial Statements. Accordingly, the Company did not Prepare any other set of combined financial statement than the Consolidated Financial Statements.

Very truly yours,

Taiwan Secom Co, Ltd.

Chairman: Lin Hsaio-Hsin

March 15, 2022

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:

Unit: NT\$ thousand; shares; %

Name of Investee	Paid-up capital	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.	2,645,347	Own funds source of capital	100.00%	-	-	-	-	3,447,198 shares NT\$ 375,745 thousand	None	-	-
Kuohsing Security Co., Ltd.	350,025	Own funds source of capital	83.77%	-	-	-	-	3,625,284 shares NT\$ 395,156 thousand	None	-	80,000
Gowin Building Management & Maintenance Co., Ltd.	351,578	Own funds source of capital	80.96%	-	-	-	-	2,232,564 shares NT\$ 243,350 thousand	None	437,780	300,000
Goyun Security Co., Ltd.	277,055	Own funds source of capital	100.00%	-	-	-	-	252,820 shares NT\$ 27,557 thousand	None	-	-
Chung Hsing E-Guard CO., LTD.	20,000	Own funds source of capital	100.00%	-	-	-	-	552,655 shares NT\$ 60,239 thousand	None	-	-
Lee Way Electronics Co., Ltd	200,000	Own funds source of capital	34.29%	-	-	-	-	163,284 shares NT\$ 17,798 thousand	None	100,000	-
As of the printing date of this annual report					-	-	-	10,273,805 shares NT\$1,119,845 thousand	None	-	-

Note: The paid-in capital, the amount of the Company's endorsement and guarantee for subsidiaries and the amount of loan to subsidiaries are all information as of the printing date of the annual report.

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.  
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Chairman

林孝信

