

TAIWAN SECOM COMPANY LTD.

Stock Symbol : 9917

Annual Report 2022



Taiwan Stock Exchange Market Observation Post System:

<http://mops.twse.com.tw>

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I. Letter to Shareholders

The global economy in 2022 was still under the lingering effect of the novel coronavirus pandemic. With the increase in vaccination rate and lifting of border restrictions, the impact of the pandemic has gradually diminished, but challenges remain. According to the estimates released by the International Monetary Fund (IMF), the 2022 global economic growth rate has dropped to 3.2%, and the number may drop even further down to 2.7% in 2023. The global economic activities are slowing down more than expected, high inflation has caused the cost of living for people to rise sharply, and the tightening monetary policies of many countries have made the global economic outlook even more bleak. We have not stopped making progress amid difficulties. We have continued to bring in new technologies, improve products and service efficiency, and adopted diversification in our business for steady growth. We have extended to food, clothing, housing and transportation businesses, and we believe that we can create steady revenue growth in this difficult environment.

Business and Financial Performance

The 2022 consolidated revenue of the Company and its subsidiaries (Taiwan Secom Group) was NTD 15,357,445 thousand, an increase of NTD 1,222,548 thousand, or 8.65%, over the same period in 2021. The 2022 consolidated operating profit was NTD 2,464,057 thousand, a decrease of NTD 201,829 thousand, or 7.57%, over the same period in 2021. The 2022 consolidated net income was NTD 2,607,950 thousand, an increase of NTD 29,065 thousand, or 1.13%, over the same period in 2021. Earnings per share (EPS) was NTD 5.85, an increase of 2.09% over 2021. Our revenue has grown for five consecutive years, and it has reached a new high this year, which shows that we are constantly moving forward. In the coming year, we will be ready to meet the challenges.

Status of Research and Development

We began to computerize control operations in 1990, bringing technology into the

traditional security industry, and this mindset has continued to lead us to advance our technology. From traditional security guards to various security protection measures, we are committed to providing the general public with safe and reassuring services, and hope to protect the quality of life of customers.

In 2022, we added a number of environmental detection functions to our system focusing on anti-theft and smart home control. In addition to the existing fire detection, we have gas and carbon monoxide detection and temperature, humidity and indoor air quality detection, which take into account the safety of our customers and improve the monitoring of the quality of their surroundings.

We are also committed to upgrading our old equipment. In addition to developing the communication computation system to make the signals more stable, we carry out power-saving upgrades to increase the battery life of the equipment. We strengthen the information security program for the system to prevent malicious attacks, and update it from time to time, and we have achieved good protection results. Due to the energy transit in recent years, the power grids in Taiwan are facing the challenges of instability. We will also focus on the development of energy storage and management systems to provide customers with “stable power supply” services.

For future development, we will integrate information security with the comfortable, convenient and reassuring services provided to customers, and continue to apply the IoT for our service upgrades, and we will strive to provide comprehensive solutions, hoping to create new revenue stream for our business.

Impact of the competitive environment, regulatory environment, and macroeconomic environment

Major international forecasting agencies believe that the global economic and trade growth in 2023 will slow down compared with 2022, which will further affect Taiwan's import and export and investment performance. Fortunately, the impact of the domestic pandemic situation has gradually weakened, and Taiwan's domestic consumption and performance of the related industries have improved.

According to the IMF's forecast, the global inflation rate will drop from 8.8% in 2022 to 6.5%, indicating that the global inflationary pressure is expected to ease in 2023. The Company's costs are expected to drop due to the easing inflationary pressure, and it is expected that the improvement of the domestic consumption will generate revenue.

In terms of the impact of the external competitive environment, we are constantly pursuing innovations and changes, and incorporating new technologies into integrated services to be expanded into various industries, further creating a Taiwan Secom ecosystem. Amid trends of rising labor costs, we are also committed to promoting unmanned operations to help companies reduce labor costs. We create safer and more convenient services which help us maintain the leadership in smart security and cultivate the smart city industry.

Future business plan and development strategy

Amid the ever-changing global economic environment, the uncertainty of the overall economy will continue in the short term. However, technology will stay available and indispensable in daily life, and digital transformation will also accelerate. We will continue to introduce new technologies into the security industry, and create a smarter and more connected world. Looking forward to this year, the Group's development blueprint will create a full range of smart services based on security.

I. Technology in life with one simple tap

In addition to being committed to providing a more stable security system, the Company uses data monitoring to automatically report abnormalities to reduce the workload of human security. We also provides Cloud Guard solutions to reduce customers' security expenses. The cost is reduced but the security is better. We continue to improve various disaster identification sensors, and hope to develop more home security users and provide them with various smart home equipment. The Secom Good Life App will connect various services provided by the Group, whether it is mechanical and

electrical maintenance or cleaning services, everything can be done with one simple tap. We will continue to find customer pain points, provide comprehensive solutions, and transform the traditional security system into a smart housekeeper to take care of every chore, big or small, in customers' life. In terms of commercial services, in addition to the existing smart store solutions which will integrate services such as store management, anti-theft monitoring, disaster management, access control and attendance, we will actively integrate image recognition systems this year to provide remote monitoring of stores and detect abnormal data, and automatically report it back to customers, so that customers can handle business management with one tap.

II. Smart city with smart protection

For years, we have been trying to diversify our business, and continuously upgrade various services in response to the trends of technology. In the era of technology transformation, we are able to integrate various services to create the most comprehensive smart city solutions, so that we can manage from land to sea with our smart monitoring system. In addition to the previously developed smart parking management system, we will actively promote our smart parking meters which can conduct law enforcement by technology to improve the quality of traffic. With a solid foundation in security management and monitoring, Taiwan Secom will integrate various services, so that our smart security protection, going from city-wide to communities, can build a reassuring environment to protect the safety of the public with smart applications.

In addition to smart city management, we will actively provide smart energy management solutions this year, which can protect the safety of cities and the people with stability in energy supply. We will also incorporate the use of green power generation to provide cities with clean and sustainable energy options.

We have always adhered to the business philosophy of seeking steady growth. In the turbulent post-pandemic era, we will continue to pursue the best interests and lead the industry to bring long-term profitability to our shareholders, co-creating a sustainable and prosperous future.

Lastly,

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

LIN Hsiao-Hsin
Chairman

II. Company Profile

2-1 Date of Establishment

The Company was founded on November 8, 1977.

2-2 Company History:

- | | |
|---------|---|
| 1977/11 | 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.
The Company received an official letter (Jing-Zhi #268) from the National Policy Agency in February 1979, which approved that the local police agencies would reinforce their communication and collaboration with the Company to accept reports and provide full support.
In the course of more than 30 years of development, there are many key matters: |
| 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 137 th 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 |

2008/06	service, opening a new chapter in mobile security with technology. The device to uses A-GPS in portable devices to dispatch search personnel. Mr. ONODERA Hirofumi was appointed as the Head of 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 2 nd generation MiniBond officially launched. This generation had a LCD screen and was lighter and more user-friendly. It had the same functions as the 1 st 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

2012/06	Luodong to launch the “Health Care Cloud” system which incorporated complete cloud technology to help regional hospitals apply remote care. 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 Taiwan Secom Technology introduced the “My Biz - POS Cloud Store Management System,” and became the first in the industry to offer lease program for food and beverage, retail, franchise operators.
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 23 rd “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 WANG Chien-Ming 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 Brightron Technology and Engineering Corporation. With the IoT technology of Taiwan Secom, traceable materials from Goldsun Building Materials, and other resources of the Group, the three companies, Brightron, SIGMU D.P.T, and Taiwan Secom provide the industry's only turnkey contracting service for “electromechanics, fire prevention, and disaster prevention”.
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 CHEN Chi-Mai 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

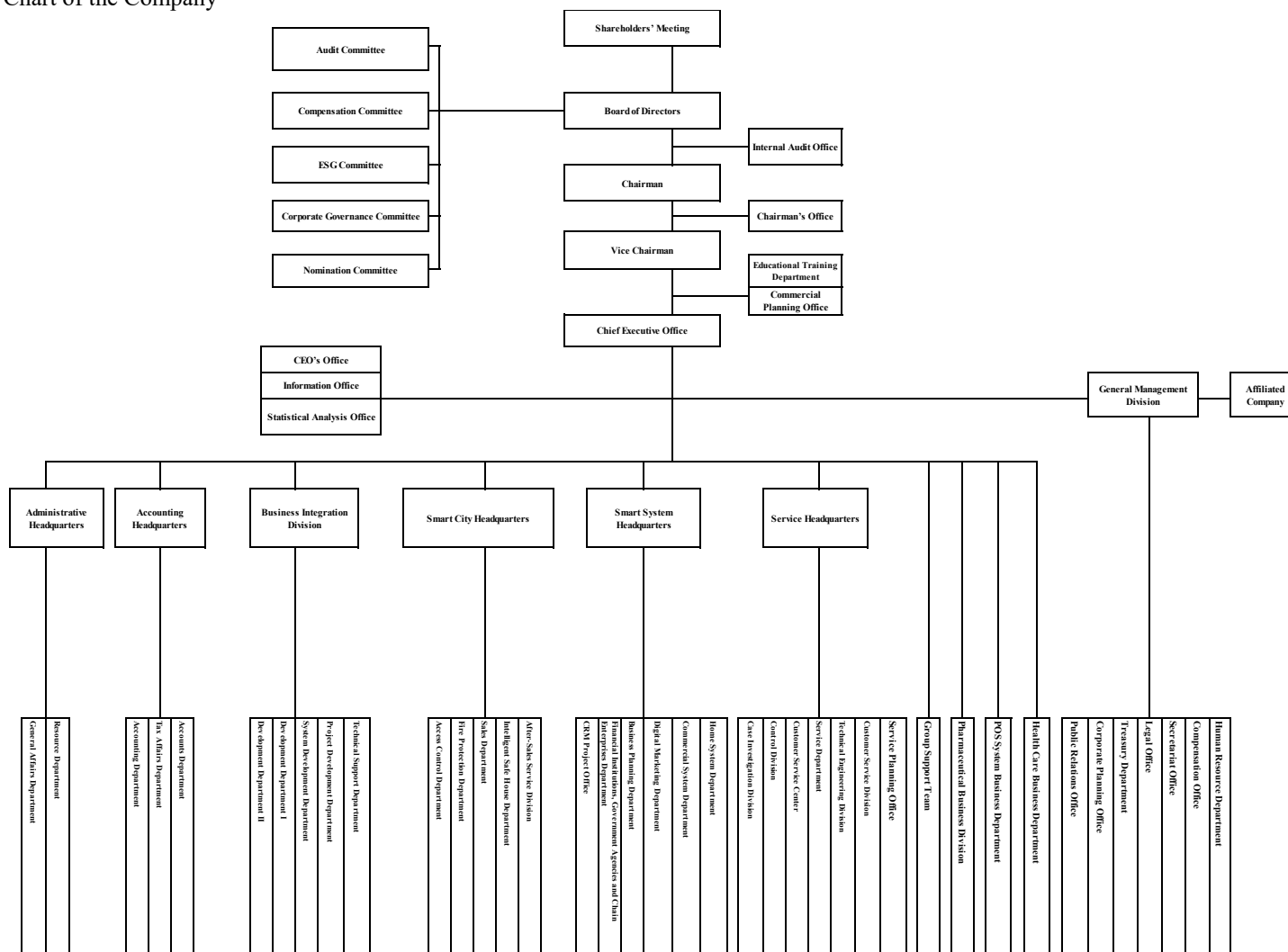
	and add automated smart production equipment to effectively save manpower and time required and improve product quality.
2022/01	Acquired 97.84% equity of Golden Harvest Food Enterprise to expand into the food and beverage business and for diversification. Reinforce the manufacturing and sales capabilities of contract manufacturing products and ready-to-eat foods.
2022/07	In response to the government's long-term care 2.0 policy, Taiwan Secom and Zhong Bao Social Welfare Foundation have jointly developed the all-new “Cloud Protection x iCare” smart health care system which incorporates the use of IoT technology to conduct patrolling to ensure the safety of the elderly who live alone.
2022/08	The Company's all new 5 th -generation integrated security system (ISS) was officially launched, with its specifications and performance greatly expanded and improved.
2022/09	The Company and the Kaohsiung City Government held the “Railway Smart Protection System Integration Service Program” achievement presentation and ribbon cutting ceremony to announce the application results of “AI Smart Station”.
2022/12	The affiliate Baohwa Trust Co., Ltd. was awarded the ISO/IEC 27001 information security management certification by the Taiwan SGS.

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"> * Review the soundness, reasonableness and effectiveness of the internal control system. * Regularly investigate and evaluate the efficiency of each unit in implementing various plans or policies and assigned functions.
Chairman's Office	<ul style="list-style-type: none"> * Responsible for corporate strategic planning and cross-departmental integration. * In charge of the Company's public relations.
Commercial Planning Office	<ul style="list-style-type: none"> * Assist in the development and introduction of new products. * Optimize existing products and services. * Optimize the internal processes. * Reduce the procurement costs. * Assist on the vendors assessment.
Education Training Division	<ul style="list-style-type: none"> * Establish and revise the overall approach and strategy of educational training, and integrate and plan training needs at all levels. * Planning, integration and implementation of the educational training system.
General Management Division	<ul style="list-style-type: none"> * In charge of the business management of the Group's subsidiaries and the handling of the Board of Directors and investor relations affairs. * 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. * Personnel administration, employee salary and bonus distribution. * Establish the intellectual property system and assist and manage patent applications for the Company. * Review various contractual provisions and assist with legal matters. * Fund dispatching and cashier matters.
CEO's Office	<ul style="list-style-type: none"> * Contact SECOM Japan for various matters and assist with Japanese translation.
Information Office	<ul style="list-style-type: none"> * Maintain the email and electronic sign-off system. * Manage the big data analysis platform and support the application of data analysis in each unit. * Establish information security maintenance plans and implement information security standards and inspections. * Manage the connection mode of data among various application systems and the security of data transmission. * Technical support for the problems encountered by employees using computer systems in the Company.
Statistical Analysis Office	<ul style="list-style-type: none"> * Set up the evaluation and bonus system. * Analyze business performance. * Evaluate operational performance.
Smart System Headquarters	<ul style="list-style-type: none"> * Develop, manage, plan and implement the businesses. * Collect and analyze market information, develop, implement and evaluate promotion projects. * Promote e-commerce marketing and channel sales, contracting signing and quotation. * CRM with medium and large enterprises.
Smart City Headquarters	<ul style="list-style-type: none"> * Promote the commercial systems. * Design and plan for the projects. * Develop the integration business for new construction sites. * Sell, plan and install fire prevention system equipment. * Assist in promoting connectivity business after the outright sales. * Provide information on product and functional requirements. * Assist in business development. * System maintenance, safety inspection, project coordination and tracking.

Department	Main Functions
Business Integration Headquarters	<ul style="list-style-type: none"> * Research on consumer market demand. * Plan and design innovative services and evaluate the operating models. * Research and Development of new products and technical guidance. * Develop and design software and firmware interfaces and image integration. * Technical support and training for various systems. * Establish and implement quality control system. * Assist sales units in surveying new products and evaluating their introduction. * Formulate technical specifications related to system installation, construction, inspection and repairs etc. * Select and introduce purchased items.
Service Headquarters	<ul style="list-style-type: none"> * In charge of maintaining the security of our customers. * Adoption and promotion of personal data protection systems. * Operation and control processing of services. * Training and management for service engineers. * Set up control centers and customer service center. * Set, track, consolidate, audit, and analyze customer service and collection performance, and formulate related policies and management plans. * Promote the projects of service quality improvement and improvement of deficiencies.
Accounting Headquarters	<ul style="list-style-type: none"> * Enhance the handling of accounting affairs and establish and plan the accounting system. * Provide accurate and timely accounting and financial information for the reference of decision making. * Invoice management and electronic payment (e-payment) account management. * Budget consolidation and preparation. * Tax planning and compliance with related laws and regulations.
Administrative Headquarters	<ul style="list-style-type: none"> * Purchase materials and supplies, control stocks, manage inventory regularly, and plan and manage resources. * Responsible for purchasing and negotiating prices of various items, and managing documents and seals. * Purchase, sale, lease and maintenance of land, buildings, offices and dormitories. * Company vehicle maintenance and scheduling management. * Contract management and assessment work. * Branch administrative operations and general affairs management. * Greenhouse gas inventory. * Management of Neihu office building, cloud computing building, employee training center and training facilities in Tamsui.

3-2 Profile Of Directors of the Board, Independent Directors, General Manager, Deputy General Managers, Directors of Departments, Managers of Departments and Branches

3-2-1 Directors

1. Information about board members

Present base date of the no. of shares held: March 31, 2023

Job title	Nationality of registration place	Name	Gender Age	Elected / Appointment Date	Term Duration	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		Ownership	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 (%)			Job title	Name	Relationship
Chairman	ROC	LIN Hsiao-Hsin	Male 71-80 years old	2020.06.16	3 years	2006.04.20	4,010,918	0.89%	4,200,918	0.93%	-	-	-	-	B. Eng., Tokyo University of Science, Japan	None	Vice Chairman	LIN Chien-Han	Father-son
			-				3,940,585	0.87%	4,000,585	0.89%	-	-	-	-			Director	LIN Ming-Sheng	Father-son
Vice Chairman	ROC	Hsin Lan Investment Co., Ltd. Representative: LIN Chien-Han	-	2020.06.16	3 years	2014.06.24	-	-	-	-	-	-	-	-	-	-	-	-	-
	ROC		Male 41-50 years old				1,126,315	0.25%	3,514,688	0.78%	-	-	-	-	Middlesex University Master's degree from Business Management (Marketing)	Director and Head of Chief Executive Officer of Goldsun Building Materials Co., Ltd.	Chairman	LIN Hsiao-Hsin	Father-son
Director	Japan	Secom Co., Ltd. Representative: SATO Sadahiro	-	2020.06.16	3 years	1981.12.09	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	-	-	-
	Japan		Male 61-70 years old				-	-	-	-	-	-	-	-	BA in Economics, Waseda University, Japan	Executive Director, SECOM Co., Ltd.	-	-	-
Director	Japan	Secom Co., Ltd. Representative: NAKATA Takashi	-	2020.06.16	3 years	1981.12.09	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	-	-	-
	Japan		Male 51-60 years old				-	-	-	-	-	-	-	-	Bachelor and Master of Science and Engineering, University of Tsukuba, Japan	GROUP International Business Headquarter Assistant Chief of Management Department, SECOM CO., Ltd.	-	-	-
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%	-	-	-	-	MBA, Hawaii National University, USA	Chairman of Wan Yuan Textiles	-	-	-
Director	Japan	Secom Co., Ltd. Representative: ONODERA Hirofumi	-	2020.06.16	3 years	1993.03.30	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	-	-	-
	Japan		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 Chief Executive Officer	-	-	-
Director	ROC	Yuan Hsin Investment Co., Ltd. Representative: LIN Ming-Sheng	-	2020.06.16	3 years	2002.06.19	8,018,190	1.78%	8,076,190	1.79%	-	-	-	-	-	-	-	-	-
	ROC		Male 41-50 years old				1,213,941	0.27%	3,466,439	0.77%	139,005	0.03%	-	-	Ph.D. In Law, Hastings College of the Law, University of California	Vice Chairman of Goldsun Building Materials Co., Ltd.	Chairman	LIN Hsiao-Hsin	Father-son
Director	ROC	Chin Kuei Investment Co., Ltd. Representative: HSU Lan-Ying	-	2020.06.16	3 years	2008.06.13	1,100,195	0.24%	1,100,195	0.24%	-	-	-	-	-	-	-	-	-
	ROC		Female 61-70 years old				-	-	-	-	-	-	-	-	Bachelor's degree from the Department of Oriental Languages at Fu Jen Catholic University	Chairman of Goldsun Building Materials Co., Ltd.	-	-	-
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	Chairman of ABICO Group	-	-	-

Note: In situations where the company's chairman, general manager or managerial officer 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: Principal shareholders of corporate shareholders

March 31, 2023

Name of Corporate Director	Principal shareholders of corporate shareholders (shareholding)
Hsin Lan Investment Co., Ltd.	LIN Hsiao-Hsin 10.44%, LIN Ming-Sheng 8.34%, LIN Chien-Han 12.56%, LIN Hsiu-De 0.33%, Cheng Hsin Investment Co., Ltd. 68.33%
Secom Co., Ltd.	The Master Trust Bank of Japan, Ltd.(Trust Account) 23.14%, Custody Bank of Japan, Ltd. (Trust Account)8.87%, JP Morgan Chase Bank 4.48%, STATE STREET BANK AND TRUST COMPANY 505223 2.52%, STATE STREET BANK WEST CLIENT-TREATY 505234 2.08%
Yuan Hsin Investment Co., Ltd.	LIN Hsiao-Hsin 22.06%, LIN Ming-Sheng 38.97%, LIN Chien-Han 38.97%
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, 2023

Name of Corporate Director	Principal shareholders of corporate shareholders (shareholding)
Cheng Hsin Investment Co., Ltd.	LIN Hsiao-Hsin (44.27%), LIN Ming-Sheng (27.865%), LIN Chien-Han (27.865%)

3. Directors information

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

Criteria Name	Professional qualifications and experience	Status of independence	Concurrently serving as an independent director in other publicly listed 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 rich 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 rich 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 rich 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 Head of Chief Executive Officer and director of listed companies and has rich 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 rich industry experience and organizational management capabilities. Does not meet any of the conditions stated in Article 30 of The Company Act.	N/A	1
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
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 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 Clobal 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:

Name	Diversity policy	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	
SATO Sadahiro				✓	✓	✓	✓	✓	✓	Economics	
NAKATA Takashi				✓	✓	✓	✓	✓	✓	Engineering	
ONODERA Hirofumi	✓			✓	✓	✓	✓	✓	✓	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 3-2-1 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 Profile of General Manager, Deputy General Managers, Assistant Presidents, and Supervisors of Departments and Branches

Present base date of the no. of shares held: March 31, 2023

Job title	Nationality	Name	Gender	Elected (Inaugurated) date	Current shareholdings		Current shareholdings of spouse/minor children		Ownership	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 (%)			Job title	Name	Relationship
Chief Strategy Officer	ROC	LIN Ming-Sheng	Male	2007.03.29	3,466,439	0.77%	139,005	0.03%	Ph.D. In Law, University of California, Hastings College of the Law	Vice Chairman of Goldsun Building Materials Co., Ltd.	Head of 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	-	-	-
Head of Chief Executive Officer	ROC	LIN Chien-Han	Male	2016.01.01	3,514,688	0.78%	-	-	MA in Marketing Management, Middlesex University, UK	Director of Goldsun Building Materials Co., Ltd.	Chief Strategy Officer	LIN Ming- Sheng	Brothers
Head of Chief Executive Officer	ROC	LI Jung-Kuei	Male	2016.01.01	21,156	-	-	-	Department of Electronics, Kuang Wu Industry Junior College	Director of Aion Computer Communication Co., Ltd.	-	-	-
Head of 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 Comlink Fire Systems Inc.	-	-	-
Head of 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	2005.03.25	-	-	-	-	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 Co., Ltd.	-	-	-
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 Services Inc.	-	-	-
General Manager	ROC	CHANG Lan-Ching	Female	2021.09.16	-	-	-	-	MA in Accounting,Long Island University, U.S.	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	-	-	-
Deputy General Manager	ROC	CHEN Chia-Ying	Female	2014.10.30	-	-	-	-	MSc Development Economics and Policy, University of Manchester	Deputy General Manager of Goldsun Building Materials Co., Ltd.	-	-	-
Deputy General Manager	Japan	TAKAHA Hidenori	Male	2017.11.01	-	-	-	-	Bachelor of Law, Tokai University, Japan	None	-	-	-
Deputy General Manager	ROC	LIN Chia-Hui	Female	2019.03.01	-	-	-	-	EMBA, College of Commerce, National Chengchi University	None	-	-	-
Deputy General Manager	ROC	WANG Chih-Chiang	Male	2019.03.01	-	-	-	-	Department of Printing, Chinese Culture University	None	-	-	-
Deputy General Manager	ROC	CHAN Jui-Tung	Male	2020.03.01	17		-	-	Electrical Engineering Department, Nan-Tai Junior College of Engineering	None			
Deputy General Manager	ROC	CHANG Hui-Ching	Female	2021.01.01	-	-	-	-	GF-EMBA of National Taiwan Normal University	None	-	-	-
Deputy General Manager	ROC	LIU Yun-Fang	Female	2021.03.01	-	-	-	-	Department of French at Wenzao Ursuline University of Languages	Deputy General Manager of Lee Bao Security Co., Ltd.	-	-	-
Deputy General Manager	ROC	WU Jung-Hua	Male	2022.03.01	-	-	-	-	Department of Electronic Engineering at Chung Yuan Christian University	None	-	-	-
Deputy General Manager	ROC	HU Chih-Chiang	Male	2023.03.01	-	-	-	-	Electronic Department of National Kinmen Agricultural and Industrial Vocational Senior High School	None	-	-	-
Head of corporate governance	ROC	WU Cheng-Chih	Male	2021.05.13	-	-	-	-	College of Law, National Taiwan University	None	-	-	-

Note 1: The Company's accounting supervisor is the Head of 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 managerial officers have not yet held shares in the names of others.
Note 4: In situations where the company's Chairman, General Manager or Managerial Officer 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 of the Board, Independent Directors, the General Manager, and Deputy General Manager
1. Directors' remuneration

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		Related profit sharing from earnings from investees other than the subsidiaries or the parent company
		Remunerations Paid (A)		Retirement Pension (B)		Remuneration of directors (C)		Fees for services rendered (D)				Salaries, bonuses, special allowances etc. (E)		Retirement Pension (F)		Employee Remuneration (G)						
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements	
Cash amount	Stock amount	Cash amount	Stock amount																			
Chairman	LIN Hsiao-Hsin	13,153	13,153	-	-	43,248	43,248	1,518	1,518	57,919 2.25%	57,919 2.25%	-	-	-	-	-	-	-	-	57,919 2.25%	57,919 2.25%	1,200
Vice Chairman	Hsin Lan Investment Co., Ltd. Representative: LIN Chien-Han	280	280	-	-	25,949	25,949	40	40	26,269 1.02%	26,269 1.02%	12,097	12,735	-	-	-	-	-	-	38,366 1.49%	39,004 1.51 %	650
Director	Secom Co., Ltd. Representative: SATO Sadahiro	1,680	1,680	-	-	51,894	51,894	250	250	53,824 2.09%	53,824 2.09%	18,598	19,769	-	-	39	-	39	-	72,461 2.81%	73,632 2.86%	19,221
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 Investmnet Co., Ltd. Representative: HSU Lan- Ying																					
Independent Director	CHEN Tien-Wen	9,000	9,000	-	-	-	-	320	320	9,320 0.36%	9,320 0.36%	-	-	-	-	-	-	-	-	9,320 0.36%	9,320 0.36%	-
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 the vehicles for directors, NT\$1,520 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	All companies in the financial statements I	The Company	Parent company and all reinvested businesses J
under NT\$1,000,000	-	-	-	-
NT\$1,000,000 (including) ~ NT\$2,000,000 (excluded)	-	-	-	-
NT\$2,000,000 (including) ~ NT\$3,500,000 (excluded)	Independent director: CHEN Tien-Wen Independent director: CHIANG Yung-Cheng Independent director: TUNG Chun-Yi	Independent director: CHEN Tien-Wen Independent director: CHIANG Yung-Cheng Independent director: TUNG Chun-Yi	Independent director: CHEN Tien-Wen Independent director: CHIANG Yung-Cheng Independent director: TUNG Chun-Yi	Independent director: CHEN Tien-Wen Independent director: CHIANG Yung-Cheng Independent director: TUNG Chun-Yi
NT\$3,500,000 (including) ~ NT\$5,000,000 (excluded)	-	-	-	-
NT\$5,000,000 (including) ~ NT\$10,000,000 (excluded)	Non-executive director: Yuan Hsin Investment Co., Ltd. (Representative: LIN Ming-Sheng) Non-executive director: Secom Co., Ltd. (Representative: SATO Sadahiro) (Representative: NAKATA Takashi) (Representative: ONODERA Hirofumi) Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: HSU Lan-Ying) Non-executive director: TU Heng-Yi	Non-executive director: Yuan Hsin Investment Co., Ltd. (Representative: LIN Ming-Sheng) Non-executive director: Secom Co., Ltd. (Representative: SATO Sadahiro) (Representative: NAKATA Takashi) (Representative: ONODERA Hirofumi) Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: HSU Lan-Ying) Non-executive director: TU Heng-Yi	Non-executive director: Secom Co., Ltd. (Representative: SATO Sadahiro) (Representative: NAKATA Takashi) Non-executive director: TU Heng-Yi	Non-executive director: Secom Co., Ltd. (Representative: SATO Sadahiro) (Representative: NAKATA Takashi) Non-executive director: TU Heng-Yi
NT\$10,000,000 (including) ~ NT\$15,000,000 (excluded)	-	-	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 (included) ~ NT\$30,000,000 (excluded)	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 (included) ~ NT\$50,000,000 (excluded)	-	-	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 (included) ~ NT\$100,000,000 (excluded)	Non-executive director: LIN Hsiao-Hsin	Non-executive director: LIN Hsiao-Hsin	Non-executive director: LIN Hsiao-Hsin	Non-executive director: LIN Hsiao-Hsin
Over NT\$100,000,000	-	-	-	-
Total	11	11	11	11

3. Employee Remuneration Distributed to Managerial Officers and Distribution Situation

March 31, 2023
Unit: NT\$ thousand; %

	Title	Name	Stock amount	Cash amount	Total	% in net earnings after tax (%)
Manager	Chief Strategy Officer	LIN Ming-Sheng	-	312	312	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				
	Deputy General Manager	CHEN Chia-Ying				
	Deputy General Manager	TAKAHA Hidenori				
	Deputy General Manager	LIN Chia-Hui				
	Deputy General Manager	WANG Chih-Chiang				
	Deputy General Manager	CHAN Jui-Tung				
	Deputy General Manager	HUNG Pei-Hsiu				
	Deputy General Manager	CHANG Hui-Ching				
	Deputy General Manager	LIU Yun-Fang				
	Deputy General Manager	WU Jung-Hua				
	Deputy General Manager	HU Chih-Chiang				
	Head of Corporate Governance	WU Cheng-Chih				

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 parent-only or separate financial reports, to directors of the board, independent directors, the general managers and deputy general managers during the most recent two years

Unit: NT\$ thousand

Items	The Company's percentage of shareholding (%)				Consolidated Financial Statements			
	2022		2021		2022		2021	
	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	178,066	6.91%	171,477	6.79%	179,875	6.98%	174,012	6.89%
Remuneration Paid to General Managers and Deputy General Managers	117,064	4.54%	102,510	4.06%	122,687	4.76%	108,268	4.28%
Net income after tax	2,578,741	-	2,526,684	-	2,578,741	-	2,526,684	-

Note 1: The increase in directors' remuneration in 2022 compared with 2021 was due to the increase in net income after tax in 2022; the increase in total remuneration of the general managers and deputy general managers compared with 2021 was due to the increase in bonus payments of managerial officer.

Note 2. 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) Remuneration policies, standards and packages:

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 managerial officers are reviewed by the salary and compensation 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 employees is 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 to the Company's 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 (2022) and up to the date of the publication of the annual report, the board has met 5 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	0	100%	
Vice Chairman	Hsin Lan Investment Co., Ltd. Representative: LIN Chien-Han	5	0	100%	
Director	Yuan Hsin Investment Co., Ltd. Representative: LIN Ming-Sheng	5	0	100%	
Director	Secom Co., Ltd. Representative: SATO Sadahiro	5	0	100%	
Director	Secom Co., Ltd. Representative: NAKATA Takashi	5	0	100%	
Director	Secom Co., Ltd. Representative: ONODERA Hirofumi	5	0	100%	
Director	TU Heng-Yi	5	0	100%	
Director	Chin Kuei Investment Co., Ltd. Representative: HSU Lan-Ying	5	0	100%	
Independent Director	CHEN Tien-Wen	5	0	100%	
Independent Director	CHIANG Yung-Cheng	5	0	100%	
Independent Director	TUNG Chun-Yi	5	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. For the recusals of directors due to conflict of interests, the minutes shall clearly state the director's name, contents of the motion, the reason for not voting and actual voting counts:
- Motions of the 9th meeting of the 16th session of Board of Directors of the Company on March 15, 2022 are as follows:
 1. Appointment and hiring of managerial officers:
 - (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. Hiroshi Onodera (director and Head of

- 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.
 - Motions of the 10th meeting of the 16th session of Board of Directors of the Company on May 11, 2022 are as follows:
 1. Proposed to establish a nomination committee and the formulate the Organizational Charter of the Nomination Committee.
 - (1) Name of independent directors: CHEN Tien-Wen, CHIANG Yung-Cheng, TUNG Chun-Yi
 - (2) Reasons for avoiding conflict of interest: Involving self-interest.
 - (3) Participation in voting: The chairperson consulted with the other attending directors and independent directors, and the proposal was approved without objection;
 - Motions of the 13th meeting of the 16th session of Board of Directors of the Company on March 14, 2023 are as follows:
 1. Appointment and hiring of managerial officers:
 - (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. Hiroshi Onodera (director and Head of 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.

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 of Directors during the current and the most recent years: Please refer to (III) Implementation of Corporate Governance, III. Composition and responsibilities of the Board of Directors.

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

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

(2) If 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 of Directors appraisal

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation methods (Note 4)	Evaluation contents (Note 5)	Assessment results
Once a year	2022/01/01-2022/12/31	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.	Overall average 4.62 points (out of 5 points)
Once a year	2022/01/01-2022/12/31	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.	Overall average 4.73 points (out of 5 points)

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Scope of evaluation (Note 3)	Evaluation methods (Note 4)	Evaluation contents (Note 5)	Assessment results
Once a year	2022/01/01-2022/12/31	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.	Overall average 4.94 points (out of 5 points)
Once a year	2022/01/01-2022/12/31	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.	Overall average 4.81 points (out of 5 points)
Once a year	2022/01/01-2022/12/31	Performance appraisal of the Corporate Governance Committee	Self-evaluation	The participation in the operation of the Company, awareness of the duties of the Corporate Governance Committee, improvement of quality of decisions made by the Committee, makeup of the Committee and election of its members and internal control.	Overall average 5 points (out of 5 points)

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

Note 2: The period to which the Board of Directors appraisal applies, for example, the evaluation was conducted for the performance of the Board of Directors during the period of January 1, 2022 to December 31, 2022.

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:

As of the most recent fiscal year (2022) and up to the date of the publication (March 31, 2023) of the annual report, the board has met 5 times, and the attendance of independent directors is shown below:

Title	Name	Attendance	Attendances by proxy	Attendance Rate (%) [B/A]	Remark
Independent Director	CHEN Tien-Wen	5	0	100%	
Independent Director	CHIANG Yung-Cheng	5	0	100%	
Independent Director	TUNG Chun-Yi	5	0	100%	

Other information required for disclosure:

I. The date, session and proposal content of Audit Committee meetings, objection, qualified opinions and content of significant recommendations of independent directors, the Audit Committee's resolutions and the Company's handling of the Audit Committee's comments shall be specified under any one of the following circumstances.

(I) Matters specified in Article 14-5 of the Securities and Exchange Act:

- As of the most recent fiscal year (2022) and up to the date of the publication (March 31, 2023) of the annual report, the Committee has met 5 times, and the matters discussed included:
 - I. Establish or amend the internal control protocols in accordance with Article 14-1 of the Securities and Exchange Act.
 - II. Evaluation of the effectiveness of the internal control protocols.
 - III. The procedures established or amended in accordance with Article 36-1 of the Securities and Exchange Act for material financial or business transactions such as acquisition or disposal of assets, derivatives trading, lending of funds to others, endorsements or guarantees.
 - IV. A matter bearing on the personal interest of a director.
 - V. A material asset or derivatives transaction.
 - VI. A material monetary loan, endorsement, or provision of guarantee.
 - VII. The offering, issuance, or private placement of any equity-type securities.
 - VIII. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
 - IX. The appointment or discharge of a financial, accounting, or internal auditing officer.
 - X. Annual financial reports and semi-annual financial reports.
 - XI. Any other material matter so required by the company or the Competent Authority.
 - XII. The performance of the duties of the audit committee.
 - XIII. Self-assessment questionnaire for audit committee performance appraisal.

(II) Compilation of the 2022 work highlights:

- Review financial reports
The board of directors has produced the Company's 2022 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 10th meeting of the 2nd term audit committee on November 14, 2022 and the 12th meeting of the 16th board on November 14, 2022 reviewed the assessment of independence of accountants WANG Yen-Chun 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-thirds of the Board of Directors
2022/03/15 (The 7 th meeting of the 2 nd session)	(1) Approved the 2021 business report and financial statements.	V	-
	(2) Approval of the 2021 distribution of employees' and Directors' remunerations.	V	-
	(3) Approval of the proposal to the Company's 2021 earnings distribution.	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 the amendments to the Company's "Internal Audit Operations" and "Self-assessment Method for Inter Control System."	V	-
	(6) Approval of the proposal to formulate the Company's 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 of Procedure for 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) Proposal of matters regarding the Company's 2022 Annual Shareholders' Meeting.	V	-
	Resolution of the Audit Committee (March 15, 2022): Unanimous approval by the Committee members.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.		
2022/05/11 (The 8 th meeting of the 2 nd session)	(1) Approved the 2021 business report and financial statements.	V	-
	(2) Approval of the Measures for Filing Grievances.	V	-
	(3) Approval of the "Personal Data and File Security Maintenance Plan and Personal Data Processing Method after Business Termination".	V	-
	(4) Approval of the Company acting as a joint guarantor for the subsidiary Lee Way Electronics Co., Ltd.'s application of credit facilities from financial institutions.	V	-
	(5) Approval of the proposal to lend funds to subsidiaries.	V	-
	Resolution of the Audit Committee (May 11, 2022): Unanimous approval by the independent directors present.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.		
2022/08/10 (The 9 th meeting of the 2 nd session)	(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 Q2 2022 consolidated financial reports.	V	-
	(3) Amend the provisions of the Operating Procedures for Loans to Others and Endorsement and Guarantee	V	-
	(4) Approval of the application for credit facilities from financial institutions.	V	-
	(5) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.	V	-
	Resolution of the Audit Committee (August 10, 2022): Unanimous approval by the independent directors present.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.	V	-
2022/11/14 (The 10 th meeting of the	(1) Approval of the Company's Q3 2022 consolidated financial report.	V	-
	(2) Approval of the regular assessment of the CPAs' independence.	V	-

2 nd session)	(3) To accommodate the internal personnel rotation of Ernst & Young Taiwan, the proposal of replacing certified public accountants for the Company was approved.	V	-
	(4) Approval of the proposal to amend provisions of the Board of Directors Rules of Procedures	V	-
	(5) Approval of the proposal to amend the Procedures for Handling Material Inside Information	V	-
	(6) Approved the 2023 audit plan	V	-
	(7) Approval of the application for credit facilities from financial institutions.	V	-
	(8) Approval of the proposal to lend funds to subsidiaries.	V	-
	Resolution of the Audit Committee (November 14, 2022): Unanimous approval by the independent directors present.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.		
2023/03/14 (The 11 th meeting of the 2 nd session)	(1) Approval of the chairman's authorization of the Company's acquisition or disposal of operating equipment, right-of-use assets or property right-of-use assets of subsidiaries.	V	-
	(2) 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	-
	(3) Approved the 2022 business report and financial statements.	V	-
	(4) Approval of the proposal to the Company's 2022 earnings distribution.	V	-
	(5) Approval of list of non-assurance services expected to be provided by Ernst & Young Taiwan and its affiliates from 2022 to 2025.	V	-
	(6) Approval of the proposal to issue the 2022 Statement on Internal Control.	V	-
	(7) Approval of the proposal to formulate the Company's 2023 business plan.	V	-
	(8) Approval of the motion of the Company's donation to "Taiwan Secom Cultural Foundation":	V	-
	(9) Approval of the application for credit facilities from financial institutions.	V	-
	(10) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.	V	-
	(11) Proposal of matters regarding the Company's 2023 Annual Shareholders' Meeting.	V	-
	Resolution of the Audit Committee (March 14, 2023): Unanimous approval by the independent directors present.		
	Company's handling of audit committee's opinions: Unanimous approval by all directors attending the board meeting.		

(III) Aside from said circumstances, resolution(s) not passed by the audit committee but receiving the consent of two-third of the Board of Directors: None

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

III. 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 15th 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
2022/03/15	Audit Committee	1. Independent directors 2. The Company's chief audit executive 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 2021 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommendations.
2022/05/11	Audit Committee	1. Independent directors 2. The Company's chief audit executive 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.
2022/08/10	Audit Committee	1. Independent directors 2. The Company's chief audit executive 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 Q2 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommendations.
2022/11/14	Audit Committee	1. Independent directors	1. The internal audit office proposed the 2023 audit plan	Subject to the

		2. The Company's chief audit executive 3. CPAs of the Company and subsidiaries	2. The Q3 and annual audit reports of the Company and subsidiaries produced by the accountants 3. Major amendments to the IESBA Code of Ethics for Professional Accountants applicable to public interest entities. 4. Replacement of CPAs starting Q4 2022.	recommen- dations.
2023/03/14	Audit Committee	1. Independent directors 2. The Company's chief audit executive 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 2022 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommen- dations.

(III) Communication between independent directors and CPAs:

Date of meeting	Key points	Results
2022/03/15	I. CPAs provided explanation on the review of the 2021 results. II. Significant accounting and audit issues after the period -- Acquisition of new subsidiaries. III. CPAs' 2021 audit opinions. IV. CPAs communicate and discuss the issues inquired by independent directors.	No opinions
2022/05/11	I. CPAs provided explanation on the review of the Q1 2022 results. II. Significant accounting and audit issues with business combination (continued). III. Perspective analysis and significant account analysis. IV. CPAs communicate and discuss the issues inquired by independent directors.	No opinions
2022/08/10	I. CPAs provided explanation on the review of the Q2 2022 results, and report and make recommendations on the matters found in the internal control audit. II. Scope of review of the parent and subsidiaries and the listed companies of the corporate group. III. Perspective analysis and significant account analysis. IV. Consolidated average inventory turnover.	No opinions
2022/11/14	I. CPAs provided explanation on the review of the Q3 2022 results. II. Discuss the matters of communication with the corporate governance unit and the management. III. Independence of accountants, client statement, scope of audit by the group, and issue of audit reports. IV. Major amendments to the IESBA Code of Ethics for Professional Accountants applicable to public interest entities. V. Replacement of CPAs starting Q4 2022.	No opinions
2023/03/14	I. CPAs provided explanation on the review of the 2022 results. II. CPAs' 2022 audit opinions. III. Updates of major securities management laws and regulations. IV. CPAs communicate and discuss the issues inquired by independent directors.	No opinions

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	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) Does the Company create and implement risk control and firewall mechanism with the related companies?	✓		of the increase or decrease of equity in the previous month at the beginning of each month. The Company aggregates information of change in equity of all 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 policies that prevent insiders from trading securities against non-public information?	✓		(IV) In order to prevent insider trading, the Company established the Internal Procedures for Handling Material Information and the provisions of Article 21 of the Procedures for Ethical Management and Guidelines for Conduct.	No Significant Discrepancy.
III. Composition and responsibilities of the board of directors (I) Has the Board of Directors established a diversity policy 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,	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>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 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:</p>	

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>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 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>	
(II) Apart from the Compensation Committee and Audit Committee, has the Company assembled other functional committees at its own discretion?	✓		(II) The Board of Directors of the Company approved the establishment of the Corporate Governance Committee and its organizational charter 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	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>following key responsibilities:</p> <ol style="list-style-type: none"> 1. To consider the establishment and amendment of the rules and regulations related to the operation of the Board of Directors of the Company. 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. 3. To review the establishment and amendment of the Company's Corporate Governance Best Practice Principles. 4. Such other matters as the Board of Directors may direct the Committee to undertake. <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) convened 1 meeting in 2022 to discuss issues related to the Corporate Governance Best Practice Principles.</p> <p>Committee members include: CHEN Tian-Wen, an independent director (convener of the committee), specializes</p>	

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 Rules for Performance Evaluation of Board of Directors and the evaluation methods, conducted the performance appraisal regularly every year and provided the results to the board as the reference for directors' remuneration and nomination and renewal?	✓		<p>in corporate governance, finance, and securities finance. CHIANG Yung-Cheng is an independent director whose main expertise is in business and legal practice. 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 conducted every year in accordance with the measures, and the results are submitted to the Board of Directors before the end of March of the following year as reference for review and improvement. The 2022 Board of Directors appraisal results have been reported at the 13th meeting of the 16th batch of Board of Directors held on 2023.03.14. The description is as follows (Note 1)</p>	No Significant Discrepancy.
(IV) Does the Company assess the independence of external auditors on a regular basis?	✓		<p>(IV) The Audit Committee regularly assesses the independence of the accountants every year, and then reports the assessment results to Board of Directors. After the latest assessment was approved by the audit committee on November 14, 2022, it was submitted to the Board of Directors for approval on November 14, 2022. The description is as follows (Note 3) The assessment measures are as follows: 1. Confirm that the certified</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>accountants of the Company are not related to the Company and its directors.</p> <p>2. Handle the rotation of CPAs in accordance with the Corporate Governance Best Practice Principle.</p> <p>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.</p> <p>4. Obtain the statement of independence from the CPAs on a regular basis. The description is as follows (Note 3)</p> <p>5. Obtain information on the 13 Audit Quality Indicators (AQIs) provided by the accounting firm and evaluate the audit quality of the accounting firm and the audit team based on the "Interpretation Guidance of Audit Quality Indicators (AQIs) by Audit Committees" issued by the regulatory authority.</p> <p>The assessment results are as follows:</p> <p>1. The independence of the CPAs from the Company complies with the Certified Public Accountant Act and the Code of Ethics for Professional Accountants.</p> <p>2. The Company has not appointed</p>	

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>the same accountants to conduct auditing for seven consecutive years.</p> <p>3.Regarding the AQIs, the Audit Committee inquired and understood the contents from Ernst & Young on November 14, 2022, and found no need for improvement or follow-up.</p>	
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)?	✓		<p>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. WU Cheng-Chih 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.</p> <p>2. The corporate governance supervisor has completed 12 hours of continuing education courses in 2022, which has met the requirement of at least 12 hours of classes per year. The continuing education courses are as follows:</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	
			<ul style="list-style-type: none"> (1) Uncover the mystery of “insider trading” (3 hours). (2) The advent of strong personal data supervision - On Taiwan, EU, China (3 hours). (3) Case study of competition for managerial control of companies (3 hours). (4) How the Audit Committee interprets and uses Audit Quality Indicators (AQI) (3 hours). 	
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. Has the Company commissioned a shareholder service agent specializing in	✓		The Company authorized Yuanta Securities as shareholder services agent.	No Significant Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
shareholder services to handle shareholder meeting matters?				
VII. Information disclosure	✓		(I) The Company's website, http://www.secom.com.tw , discloses financial, business, corporate governance and other material information.	No Significant Discrepancy.
(I) Has the Company established a public website to disclose operational, financial, and corporate governance information?	✓		(II) Information on the Company's website, at http://www.secom.com.tw is collected and disclosed by relevant responsible unit. A spokesman and a deputy spokesman are also available to implement the spokesman system, and institutional investor conferences are held regularly.	No Significant Discrepancy.
(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)?	✓		(III) In 2022, 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 2021 and the first	No Significant Discrepancy.
(III) Does the Company announce and file its annual financial statements within two months after the end of the fiscal	✓			

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
year, and announce and file the first, second and third quarters and the monthly operating status in advance of the specified deadline?			through third quarters of 2022 were announced and filed respectively on March 15, May 11, August 10 and November 14, 2022, the dates of the Board of Directors' approval; and the revenue for each month were completed by the 10 th of the following month. The 2022 financial statements have been announced and filed on March 14, 2023.	
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</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>cooperation and quality.</p> <p>(V) Stakeholders relations: The company is committed to the development of the industry, and actively strives for opportunities for cross-industry alliance. For the benefit of employee, creditors and shareholders, it strives to pursue the harmony of information, rights and obligations.</p> <p>(VI) Continuing education for directors: The Company provides continuing education information related to corporate governance to directors in a timely manner. The description is as follows (Note 4)</p> <p>(VII) The implementation status of risk management policies and risk measurement standards:</p> <ol style="list-style-type: none"> 1. The Company has established relevant management methods for related parties, investees, endorsement/guarantee, etc. In addition to conduct in accordance with the management methods, all of the transaction are subject to the approval of the board of directors through a professional evaluation meeting convened by the Company. 2. The Company operates steadily and is fully focused on the investments and operations in its own industry. <p>(VIII) Implementation of customer policies: The Company has a customer service center, regularly conducts</p>	

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>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 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, 2022, 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 10, 2022).</p>	
<p>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.</p> <p>For items that were not scored in the corporate governance assessment in 2022, the Company will focus on improving information transparency and achieving sustainable development in 2023, and the improvement items are expected to be completed. Strive to enhance the transparency of information to reinforce corporate governance.</p>				

Note 1:

I. Performance appraisal of the Board of Directors

The 2022 self-evaluation of the Board of Directors, functional committees, and board members was carried out by the Nomination Committee, and the results were reported to the meetings of the Nomination Committee and the board of directors on March 14, 2023. The evaluation results were all "Excellent".

In order to put corporate governance into practice, the board has approved the amendment to the Board Performance Appraisal Measures on August 13, 2020, which were last amended on November 11, 2021 and then approved by the board. 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 2022 internal board performance appraisal is shown as follows:

Evaluation Type	Evaluation Method	Evaluation Criteria	Evaluation Result
Performance evaluation of the board of directors as a whole	Evaluated by the agenda working unit based on the actual operation of the Board	The Criteria covers the following five aspects: 1. Engagement in the operation of the company 2. Improvement of the quality of the board of directors' decision making 3. Composition and structure of the board of directors 4. Election and continuing education of the directors 5. Internal Control.	The total score was 4.62, 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 4.73, 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 appraisal of the audit committee	Evaluated by each Audit Committee member	The Criteria covers the following five aspects: 1. Engagement in the operation of the company 2. Awareness of the duties of the Audit Committee. 3. Improvement of quality of decisions made by the Audit Committee. 4. Makeup of the Audit Committee and election of its members. 5. Internal Control.	The average score of the Audit Committee was 4.94, which was excellent. The evaluation results showed that the Audit Committee had positive comments on the efficiency and effectiveness of the operation of each appraisal indicator.

Evaluation Type	Evaluation Method	Evaluation Criteria	Evaluation Result
Performance appraisal of the salary and Compensation Committee	Self-evaluated by each Remuneration Committee member	<p>The Criteria covers the following five aspects:</p> <ol style="list-style-type: none"> 1. Engagement in the operation of the company 2. Awareness of the duties of the compensation committee. 3. Improvement of quality of decisions made by the compensation committee. 4. Makeup of the compensation committee and election of its members. 5. Internal Control. 	The average score of the compensation committee was 4.81, which was excellent. The evaluation results showed that the compensation committee had positive comments on the efficiency and effectiveness of the operation of each appraisal indicator.
Performance appraisal of the Corporate Governance Committee	Self-evaluated by each Corporate Governance Committee member	<p>The Criteria covers the following five aspects:</p> <ol style="list-style-type: none"> 1. Engagement in the operation of the company 2. Awareness of the duties of the Corporate Governance Committee. 3. Improvement of quality of decisions made by the Corporate Governance Committee. 4. Makeup of the Corporate Governance Committee and election of its members. 5. Internal Control. 	The average score of the Corporate Governance Committee was 5, which was excellent. The evaluation results showed that the Corporate Governance Committee 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 14, 2023.

II. External 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, 2020, which were last amended on November 11, 2021 and then approved by the board. The Measures stipulate that 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.

We have completed the external appraisal of the board performance on December 30, 2022. We commissioned the Taiwan Corporate Governance Association to carry out the evaluation (the information being reviewed was between November 2021 and October 2022). The organization and its experts have no business dealings with the Company and are independent. They adopted questionnaires and on-site visits to evaluate eight main dimensions, board composition, guidance, authorization, supervision, communication, internal control and risk management and self-discipline. The Company is expected to submit the suggestions to the board meeting on March 14, 2023. The relevant content of the comments and measures are as follows:

(I) General comments and suggestions of the evaluation report

The board performance appraisal team is composed of independent and experienced executive committee members (Professor SU Yu-Hui) and specialists. They used open-ended questionnaires, various materials and on-site interviews of related members to compile the following general comments and suggestions.

1. General comments:

- (1) The Chairman adopts an open and transparent leadership style, and respects and accepts recommendations from professionals. Independent directors are in various areas of expertise and

- interact well with the management team, providing good consultation and guidance.
- (2) The Company values innovation and technological research and development.
- (3) The Company values specialized training and employee benefits, and nurtures talents for sustainable development.

2. Suggestions:

- (1) The Company can make timely adjustments to improve the synergy of each functional committee of the board.
- (2) The Company should document the materials used for the continuing education of directors.
- (3) The Company should reinforce the whistleblower measures.
- (4) The Company should make further improvement to the results of the suggestions for performance appraisal.
- (5) The Company should continue to implement the risk-oriented internal control and audit practices.

(II) The Company's improvement plan

- 1. The Company expects to consolidate the Corporate Governance Committee and the Sustainable Development Committee.
- 2. The Company has documented directors' training materials and handed them over to dedicated personnel for filing. The records are available at directors' request.
- 3. The Company will regularly summarize the anonymous grievances and send them the independent directors, and the information is made available for the purpose of investigation to strengthen the independence of the grievance filing channel.
- 4. The Company intends to have relevant units collect and compile performance results and make evaluation suggestions.
- 5. The Company will continue to reinforce the risk-oriented internal control and audit practices.

The above evaluation results and related improvement plans have been submitted to the board meeting held on March 14, 2023.

Note 2:

The board's diversity policy

Taiwan Secom Group 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 Group 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.
- 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 Group 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%). 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.

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 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:

Taiwan Secom Co., Ltd.

Assess independence of CPAs

The Audit Committee assesses the independence and suitability of CPAs every year by using the AQIs. In addition to requesting the CPAs to provide their Auditor Independence Statement, the Company conducts assessment in accordance with the standard in Note 1. After the Company verified that the CPAs have no other financial interests or business relationships with the Company other than the fees for certification and financial and tax auditing, and that the family members of the CPAs also do not violate the requirements of independence, the assessment results of the most recent fiscal year have been discussed and approved by the Audit Committee on November 14, 2022 and March 14, 2023, and then submitted to the board on November 14, 2022 and March 14, 2023 for resolution on the approval of the independence assessment of the CPAs.

Assessment Item	Assessment results	Independence
1. Have a direct or significant indirect financial interest relationship with the Company.	No	Yes
2. Have financing or guarantee activities with the Company or the Company's directors.	No	Yes
3. Have a close business relationship or a potential employment relationship with the Company.	No	Yes
4. CPAs and members of the audit service team are currently serving or have served in the last two years as the Company's directors, supervisors or managerial officers, or the positions that directly and significantly influence the audit.	No	Yes
5. Provide the Company with non-audit services that may directly affect the audit work.	No	Yes
6. Mediate the trading of stocks or other securities issued by the Company.	No	Yes
7. Has acted as a counsel of the Company or represented the Company in coordinating matters relating to conflicts with a third party.	No	Yes
8. Have a family relationship with the Company's directors, managerial officers, or persons who have significant influence on the audit.	No	Yes

Assessment results: All meet the Company's standard for independence and suitability.

Statement from Ernst & Young Taiwan

Statement of Independence Issued by Ernst & Young Taiwan (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 auditors in accordance with the provisions of the National Standards on Auditing for the review of the consolidated financial statements of 2022.

In accordance with the provisions of the National Standards on Auditing, the auditor 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 auditor's ethical practice and communicated all possible matters (including related protective measures) that are considered to affect the independence of the auditor.

Based on the professional judgment of the auditor, 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
Auditors:
WANG Yahn-Jyun
HSU Hsin-Min

November 14, 2022

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	2022.11.14	Securities and Futures Institute	Breach of trust of directors and supervisors and building cases against special breach of trust crimes	3 hours
				2022.11.14	Securities and Futures Institute	Prevention of insider trading and countermeasures	3 hours
Vice Chairman	LIN Chien-Han	2020.06.16	2014.06.24	2022.08.05	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3 hours
				2022.11.04	Securities and Futures Institute	Corporate governance and securities regulations	3 hours
Director	LIN Ming-Sheng	2020.06.16	2002.06.19	2022.08.05	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3 hours
				2022.11.04	Securities and Futures Institute	Corporate governance and securities regulations	3 hours
Director	ONODERA Hirofumi	2020.06.16	1993.03.30	2022.11.14	Securities and Futures Institute	Breach of trust of directors and supervisors and building cases against special breach of trust crimes	3 hours
				2022.11.14	Securities and Futures Institute	Prevention of insider trading and countermeasures	3 hours
Director	SATO Sadahiro	2020.06.16	1981.12.09	2022.10.25	Mizuho Research & Technologies, Ltd.	Strategic roles and management perspectives required of newly elected directors and executive directors	3.6 hours
				2022.10.27	Mizuho Research & Technologies, Ltd.	Must-know information directors and executive directors	1.5 hours
				2022.11.07	Mizuho Research & Technologies, Ltd.	Forecasts for next 10 years and strategy for digital transformation	3.8 hours
Director	NAKATA Takashi	2020.06.16	1981.12.09	2022.10.25	Mizuho Research & Technologies, Ltd.	Essential knowledge for directors to avoid labor risks	3.1 hours
				2022.10.25	Mizuho Research & Technologies, Ltd.	“Decision-making and performance management policy” directors should know	2.6 hours
				2022.10.26	Mizuho Research & Technologies, Ltd.	Takeaways from recent insider trading scandals in companies and learn from perspectives and practical measures of “governance”	3.1 hours
Director	HSU Lan-Ying	2020.06.16	2008.06.13	2022.08.05	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3 hours
				2022.11.04	Securities and Futures Institute	Corporate governance and securities regulations	3 hours
Director	TU Heng-Yi	2020.06.16	2011.06.15	2022.06.08	Securities and Futures Institute	Quick interpretation and preparation for ESG disclosure requirements of corporate governance 3.0	3 hours
				2022.08.25	Taiwan Insurance Institute	Opportunity for transformation to comply to IFRS17 - Impact of changes in financial continuity measurement rules on operations of insurance companies	3 hours
Independent Director	CHEN Tien-Wen	2020.06.16	2017.06.22	2022.07.14	Securities and Futures Institute	Risks and opportunities of climate change and net-zero emission policies for business operations	3 hours
				2022.10.13	Securities and Futures Institute	Introduction to disputes over managerial control and the Commercial Case Adjudication Act	3 hours
Independent Director	CHIANG Yung-Cheng	2020.06.16	2020.06.16	2022.02.25	Taiwan Investor Relations Institute	Corporate governance course series	6 hours
Independent Director	TUNG Chun-Yi	2020.06.16	2020.06.16	2022.07.27	Taiwan Corporate Governance Association	Must-know succession practices and tax issues in family business and wealth continuity	3 hours
				2022.07.28	Taiwan Corporate Governance Association	Discussion on corporate operations and related tax system and introduction to latest tax laws and practices for principal shareholders	3 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

December 31, 2022

Title	Name	Criteria	Professional qualifications and experience	Status of independence	Number of other public companies for which the committee member concurrently serving as a Compensation Committee member
Independent Director	CHEN Tien-Wen		(Note)	(Note)	2
Independent Director	CHIANG Yung-Cheng		(Note)	(Note)	3
Independent Director	TUNG Chun-Yi		(Note)	(Note)	1

Note: Please refer to pp. 14-15 for the table on directors' information.

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.

- (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.
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 2022 and up to the date of this annual report (January 1, 2022 to March 31, 2023). 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%	
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
2022.03.15	1. Approval of the proposed distribution of 2021 remuneration to directors, managerial officers and employees. 2. Approval of salary and remuneration of the Company's managerial officers and general manager.	Unanimous vote by all attending committee members to approve the motion.
2022.05.11	1. Approval of the promotion and remuneration of the Company's managerial officer, LU Chen-Lung. 2. Approval of the promotion and remuneration of the Company's managerial officer, CHANG Nai-Sen. 3. Approval of the promotion and remuneration of the Company's managerial officer, TENG Ching-Chung	Unanimous vote by all attending committee members to approve the motion.
2023.03.14	1. Approval of the proposed distribution of 2022 remuneration to directors, managerial officers and employees. 2. Approval of appointment and hiring of managerial officers:	Unanimous vote by all attending committee members to approve the motion.

2. Profiles of nomination committee members and the information on the operation of the committee:

(1) Information on members of the Nomination Committee:

December 31, 2022

Title	Criteria	Professional qualifications and experience	Status of independence	Number of other public companies for which the committee member concurrently serving as a Nomination Committee member
	Name			
Independent Director	CHEN Tien-Wen	(Note)	(Note)	2
Independent Director	CHIANG Yung-Cheng	(Note)	(Note)	3
Independent Director	TUNG Chun-Yi	(Note)	(Note)	1

Note: Please refer to pp. 14-15 for the table on directors' information.

(2) Functions and powers and responsibilities:

The Committee consists of three independent directors, aiming to improve the functions of the Company's board of directors and strengthen the management practices. Its authority include:

1. Specify the standards of professional knowledge, skills, experience, gender and independence required for board members and senior managers, and search, review and nominate candidates for directors and senior managerial officers accordingly.
2. Construct and develop the organizational structure of the board and committees, conduct performance appraisal of the board, committees, directors and senior managerial officers, and assess the independence of independent directors.
3. Formulate and regularly review the continuing education plan for directors and the succession plan for directors and senior managerial officers.
4. Establish the Company's Corporate Governance Best Practice Principles.

(3) The operation of the Nomination Committee:

1. The Nomination Committee of the Company consists of 3 members.

2. The term of office of the current members is from May 11, 2022 to June 15, 2023. The Committee held a total of one meeting (A) in 2022 and up to the date of this annual report (January 1, 2022 to March 31, 2023). 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	1	0	100%	
Member	CHIANG Yung-Cheng	1	0	100%	
Member	TUNG Chun-Yi	1	0	100%	

Other information required for disclosure:

- I. State the meeting date, session, and content of main motions of the nomination committee, the content of the recommendations or objections of the committee members, the results of resolutions, and the Company's handling of the opinions of the nomination committee.

II. Annual work focus of Nomination Committee

Session and date of the meeting	Motion content and subsequent actions	Resolutions	Handling of opinions
The 1 st meeting of the 1 st session	1. Election of all Directors of the Company	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.
	2. Deliberation on candidates for directors (including independent directors) nominated by shareholders	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.
	3. Nomination of candidates for directors and independent directors and review of nominees	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.

3. The composition, duties, and operation of the Company's Corporate Governance Committee

(1) Information on members of the Corporate Governance Committee:

December 31, 2022

Title	Criteria Name	Professional qualifications and experience	Status of independence	Number of other public companies for which the committee member concurrently serving as a Compensation Committee member
Independent Director	CHEN Tien-Wen	(Note)	(Note)	2
Independent Director	CHIANG Yung-Cheng	(Note)	(Note)	3
Independent Director	TUNG Chun-Yi	(Note)	(Note)	1

Title	Criteria	Professional qualifications and experience	Status of independence	Number of other public companies for which the committee member concurrently serving as a Compensation Committee member
	Name			
Independent Director	CHEN Tien-Wen	(Note)	(Note)	2
Independent Director	CHIANG Yung-Cheng	(Note)	(Note)	3
Director	LIN Ming-Sheng	(Note)	(Note)	1

Note: Please refer to pp. 14-15 for the table on directors' information.

(2) Functions and powers and responsibilities

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, and its authority includes:

- i. Establish the Company's Corporate Governance Best Practice Principles.
- ii. Formulate and regularly review the continuing education plan for directors.
- iii. Plan the direction of corporate governance and the annual implementation schedule and progress.
- iv. Review, recommendations and tracking of implementation performance of the corporate governance practices and annual implementation schedule and progress.
- v. Review, recommendations and tracking of the implementation of information disclosure.
- vi. Other matters to be resolved in accordance with the Articles of Incorporation, internal regulations, board resolutions or the chairman's instructions.

(3) Matters completed under laws and regulations: Please refer to the Company's website for the Corporate Governance Committee Charter.

(4) The operation of the Corporate Governance Committee:

- i. The Corporate Governance Committee of the Company consists of 3 members.
- ii. The term of office of the current members is from May 11, 2022 to June 15, 2023. The Committee held a total of one meeting (A) in 2022 and up to the date of this annual report (January 1, 2022 to March 31, 2023). 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	1	0	100%	
Member	CHIANG Yung-Cheng	1	0	100%	
Member	LIN Ming-Sheng	1	0	100%	

Other information required for disclosure:

I. State the meeting date, session, and content of main motions of the corporate governance

committee, the content of the recommendations or objections of the committee members, the results of resolutions, and the Company's handling of the opinions of the committee.

III. Annual work highlights of the Corporate Governance Committee:

Date of meeting	Report content
2022.08.10	<ol style="list-style-type: none"> 1. Status of sustainable development operations 2. Status of communication with stakeholders 3. Implementation of ethical operations management 4. Implementation of risk management 5. Status of implementation of intellectual property management 6. Purchase of liability insurance for directors, supervisors and managerial officers by the Company 7. Results of the 8th corporate governance evaluation

Date of meeting	Motions	Resolutions
2022.08.10	Approved the proposed election of the convener of the 1 st session of Corporate Governance Committee	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 Sustainable Development 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 authorizing the senior management to manage the organization which is supervised by the board?	✓		<p>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. In 2022, Taiwan Secom renamed the CSR Committee as the Sustainable Development Committee to align itself with the global development trends and realize the goal of sustainable development, which was approved by the board resolution on March 15, 2022. The Committee reports the implementation status to the board once a year, and the latest report date was August 10, 2022.</p> <p>The Sustainable Development Committee serves as interdepartmental communication platform for vertical and horizontal coordination. Quarterly meetings and topic-specific task groups are set up to identify the sustainability issues related to the Company's operations and stakeholders' concerns, formulate corresponding strategies and work guidelines, prepare budgets related to sustainable development of each organization, plan and implement the annual programs, and track the implementation results to ensure that the sustainable development strategy is fully implemented in the Company's daily operations.</p> <p>The Sustainability Committee reports its performance and future plans to the Board of Directors at least once a year on a regular basis. The latest report to the Board of Directors was on August 10, 2022, which included (1) identifying</p>	No significant differences

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			<p>sustainable issues that require attention and proposing action plans in response; (2) revising goals and policies related to sustainability issues; and (3) monitoring the implementation of sustainable management matters and evaluating their execution.</p> <p>The Company's board of directors regularly receives reports from the management team (including ESG reports), and the management team proposes company strategies to the board of directors. The board evaluates the likelihood of success of these strategies, reviews their progress, and urges the management team to make adjustments when necessary.</p>	
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?	✓		<p>II. The Company formulates and implements the following procedures related to the Company's operation 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</p>	

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies						
	Yes	No	Summary (Note 2)							
			<div>procedures.<table><tr><th>Major issues</th><th>Risk assessment items</th><th>Risk management policy or strategy</th></tr><tr><td>Environment</td><td>Environmental protection</td><td>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 and the latest certificate valid from 2022/12/22 to 2023/12/21; ISO 9001 quality management verification and the latest certificate valid from 2022/08/09 to 2023/08/08), is entrusted with maintaining equipment production, implementing fire protection, anti-theft and disaster prevention for manufacturing and processing management of server and sensor</td></tr></table></div>	Major issues	Risk assessment items	Risk management policy or strategy	Environment	Environmental protection	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 and the latest certificate valid from 2022/12/22 to 2023/12/21; ISO 9001 quality management verification and the latest certificate valid from 2022/08/09 to 2023/08/08), is entrusted with maintaining equipment production, implementing fire protection, anti-theft and disaster prevention for manufacturing and processing management of server and sensor	
Major issues	Risk assessment items	Risk management policy or strategy								
Environment	Environmental protection	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 and the latest certificate valid from 2022/12/22 to 2023/12/21; ISO 9001 quality management verification and the latest certificate valid from 2022/08/09 to 2023/08/08), is entrusted with maintaining equipment production, implementing fire protection, anti-theft and disaster prevention for manufacturing and processing management of server and sensor								

Assessment Item	Implementation Status (Note 1)						Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)				
						<p>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 2022, the total amount of gasoline and diesel used for fuel was 1,452,268.74 liters, and the electricity consumption was 8,853,122 kWh. On a consolidated basis, the annual unit carbon emission (ton-CO2e) of energy products was 7,811.5 metric tons, a decrease of 189.07 metric tons compared with the previous year.</p> <p>3. Establish key implementation plans every year, and regularly track and review the progress of each goal to ensure the achievement of the goals.</p> <p>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.</p>	

Assessment Item	Implementation Status (Note 1)					Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies	
	Yes	No	Summary (Note 2)				
				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 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. 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. Product safety: 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. 2. A strong and complete seven-center structure to accurately exchange information, communicate collaboration, and actively adjust internal	

Assessment Item	Implementation Status (Note 1)					Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)			
					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. 3. Value every call from customers. When handling customer complaints, try to adhere 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.	

Assessment Item	Implementation Status (Note 1)						Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)				
					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 stakeholders and the Company every year. 2. Establish various communication channels to actively communicate and reduce confrontation and misunderstanding. Set up an investor mailbox, which is managed and responded to by the spokesperson.	
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 services, Taiwan Secom wishes to bring a beautiful vision to life by improving service quality and collaborating with affiliates of the Group on achieving the 2050 net-zero policy of the government. The Group enters into lives of individuals and families to improve simplicity, aesthetics and beauty with the various services in green energy, energy storage, green roof, energy management system, etc., and strives to incorporate the sustainable development into customers' lives through various aspects. The Company continuously develops new technology to provide customers with products and services better than other selections available in the market, and adopts smart monitoring and remotely-				No difference.

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			<p>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 suggestions. Promote the Company's energy-saving solutions to all employees to improve the energy consumption performance and efficiency. After building an energy consumption platform, we can collect the water and electricity consumption information of all units, which is readily available and saves everyone the trouble of maintaining the data, and we also fully disclose the fuel consumption data of all company vehicles.</p> <p>The Sustainable Development Roadmap for publicly traded or OTC firms announced by the FSC stated that the inventory can be completed by 2026. The Company expects to achieve the goal of net-zero emission reduction as soon as possible, and has established a GHG Inventory Committee in the second half of 2022, which was approved by the board. It resolved to conduct the GHG inventory for the Group as early as possible, and it is expected that the 1st year of GHG inventory based on the ISO14064-1 would be completed by 2023, and a report for the 1st year would be produced. The follow-up external audit will continue as scheduled, so that the parent company will have the audit for two years in a row by 2024.</p>	

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			<p>The Group as a whole (including subsidiaries in the financial report) is expected to complete the GHG inventory in 2025 and the external GHG verification and audit by 2027. The time schedule for verification and assurance is ahead of the FSC's requirements for the announced Roadmap, indicating the Group is actively cooperating with the government in net-zero and carbon emission reduction initiatives, hoping to achieve environmental sustainability expected in both political and economic aspects.</p> <p>Have completed the replacement of old lighting equipment in 2021. As of 2022, we have completed the replacement of all old lighting in the headquarters, 51 external light fixtures, and the lights in the parking lot of the office building. In 2022, we also planned to replace the old air-conditioning in 2023. We have prepared millions in budget for the replacement, and the expected benefits are the continuous reduction of power consumption and the improvement of air-conditioning performance. In 2022, the total electricity consumption was 8,853,122 kWh, and the water consumption was 49,166 cubic meters. As of the end of 2022, we have carried out projects to replace electric lighting, and recovered 152.73% of the invested amount based on the government's incentive program, which is faster than the reduction goal of power consumption originally set for 2025. In response to the GHG inventory measures announced by the FSC, will make our carbon emissions data more transparent. We will also adjust the goals we have originally set to meet</p>	

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development 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>the GHG reduction goal more effectively.</p> <p>(II) The various security hosts and peripherals are provided to our customers on a rental basis, therefore each devices 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 the future, and take measures to respond to climate-related issues?	✓		<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> <p>(1) Energy conservation and carbon emissions reduction</p> <p>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:</p>	No difference.

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies																													
	Yes	No	Summary (Note 2)																														
(IV) Has the Company compiled the greenhouse gas emissions, water consumption and total weight of waste over the past two years and established management policies for the reduction of greenhouse gas emissions, water	✓		Energy consumption of vehicles between 2020 and 2022	No difference.																													
			<table><tr><td colspan="2">Greenhouse gas inventory</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td rowspan="2">Scope 1 (direct emissions)</td><td>Gasoline (L)</td><td>1,411,516.40</td><td>1,410,828.87</td><td>1,397,937.91</td></tr><tr><td>Diesel (L)</td><td>56,021.98</td><td>56,493.57</td><td>54,330.83</td></tr><tr><td>Scope 2 (indirect emissions)</td><td>Electricity (KWh)</td><td>9,548,378.00</td><td>9,283,194.00</td><td>8,853,122.00</td></tr><tr><td colspan="2">Scope1+Scope2(ton-C02e)</td><td>8,200.19</td><td>8,000.56</td><td>7,811.5</td></tr><tr><td colspan="2">Emission intensity = Total carbon emissions / Net revenue (ton-CO2e.NTDmillion)</td><td>1.17</td><td>1.11</td><td>1.07</td></tr></table>		Greenhouse gas inventory		2020	2021	2022	Scope 1 (direct emissions)	Gasoline (L)	1,411,516.40	1,410,828.87	1,397,937.91	Diesel (L)	56,021.98	56,493.57	54,330.83	Scope 2 (indirect emissions)	Electricity (KWh)	9,548,378.00	9,283,194.00	8,853,122.00	Scope1+Scope2(ton-C02e)		8,200.19	8,000.56	7,811.5	Emission intensity = Total carbon emissions / Net revenue (ton-CO2e.NTDmillion)		1.17	1.11	1.07
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			Emission intensity = Total carbon emissions / Net revenue (ton-CO2e.NTDmillion)		1.17	1.11	1.07																										
			(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:																														
<table><tr><td>Year</td><td>2020</td><td>2021</td><td>2022</td></tr><tr><td>Total water consumption (M3)</td><td>64,587</td><td>52,006</td><td>49,166</td></tr><tr><td>Total number of employees</td><td>2,453</td><td>2,441</td><td>2,461</td></tr><tr><td>Water consumption per person</td><td>26.33</td><td>21.31</td><td>19.96</td></tr></table>	Year	2020	2021	2022	Total water consumption (M3)	64,587	52,006	49,166	Total number of employees	2,453	2,441	2,461	Water consumption per person	26.33	21.31	19.96																	
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Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
consumption and other wastes?			<p>Waste management</p> <ul style="list-style-type: none"> ● 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: <ol style="list-style-type: none"> 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: <ol style="list-style-type: none"> 1. The Company established the Waste Disposal Measures in accordance with the announcement on 2006.05.30 made by the Environmental Protection Administration to effectively supervise the Company's internal waste disposal. 2. According to the provisions of the environmental management system, waste disposal can be divided into: Early phase: Waste classification and reduction measures. 	

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	Yes	No	Summary (Note 2)																
			<p>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>2020</td> <td>9,008</td> <td>12,107</td> </tr> <tr> <td>2021</td> <td>8,431</td> <td>20,436</td> </tr> <tr> <td>2022</td> <td>5,530</td> <td>14,912</td> </tr> </table>	Type	Battery (cells)	Hardware and miscellaneous	Year	Amount recovered		2020	9,008	12,107	2021	8,431	20,436	2022	5,530	14,912	
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	Yes	No	Summary (Note 2)	
IV. Social issues				
(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?	✓		(I) The Company complies with the relevant domestic labor laws and regulations. Regarding work rules or management regulations, the Company establishes a code of work or service for its employees; 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 2022 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	✓		(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,	No difference.

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
performance in employee remuneration?			<p>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.</p> <p>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 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>	

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development 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>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 2022, 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 2022, 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.” We conduct regular employee health checks in accordance with the “Labor Health Protection Rules”, and commission or hire medical personnel and assign safety and health management personnel to regularly track everyone's health and conduct safety and health training and education sessions to maintain workplace safety and health.</p>	No difference.
(IV) Has the Company established effective	✓		<p>(IV) In the job classification system, based on the needs of the Company, it established career paths for employees and implemented them into the</p>	No difference.

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
career development training plans?			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.	
(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	✓		(VI) <div>Current management standards for equipment suppliers and construction contractors:</div>	No difference.

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
to follow the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?			<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> <div>6. Construction units with doubts about the project payments may file their complaints through the construction transaction system.</div> <div>7. Contracts require that contractors abide by the safety and health code of conduct.</div> <div>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.</div> </div> <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,</p>	

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

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
			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.	
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 “2022 Annual Report on Sustainable Development”, which was independently subjected to limited assurance by Ernst & Young, Limited. 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). (https://www.secom.com.tw)	No difference.
VI. If the Company has established its sustainable development best practice principles according to “Sustainable Development Best Practice Principles for TWSE/GTSM Listed Companies,” please describe any discrepancy between the Principles and their implementation: The Company has conduct its sustainable development in compliance with its sustainable development relevant regulations and principles. There are not any discrepancies.				

Assessment Item	Implementation Status (Note 1)			Deviation, and causes of deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies
	Yes	No	Summary (Note 2)	
VII. Other important information to facilitate better understanding of the company’s sustainable development practices: 1. The Company actively participates in social welfare activities, and regularly donates funds to relevant organizations. 2. The Company established Taiwan Secom Cultural Foundation to take care of disadvantaged students. It also sponsors the development of -”Students’ Potential Development Classes,” which currently covers elementary and junior high schools. More than 1,000 children have been included in the care, just like cultivating a seed. The Company participates in the organization of domestic professional associations. As the Company belongs to the industry of technology application service, it proactively participates in and promotes the “Taiwan Safety and Security Industry Association” and “Taiwan Telepharmacy Association”, 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 sustainable development report, the implementation situation may be indicated by way of reference to the sustainable development 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	
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures				
(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?	✓		(I) On November 12, 2014, the approved the Ethical Corporate Management Best Practice Principles. The latest amendment was conducted on November 13, 2019, which was approved by the board. The Board of Directors and the management team actively implements the regulations related to integrity management in the Company's Articles of Incorporation, and validates the implementation of these regulations in internal management and external business activities.	No difference.
(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/GTSM Listed Companies?	✓		(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.	No difference.
(III) Has the Company defined operating procedures, conduct	✓		(III) The Company has policies that prevent unethical conduct and	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	
guidelines, disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?			strengthen preventive measures for business activities with a higher risk of unethical conduct within the scope of business.	
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 specialized 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 Company assigned the Corporate Planning Office of the General Management Division as the dedicated unit responsible for promoting ethical corporate management measures. 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 sustainable development report to the board on August 10, 2022. 2. The Company fully implements its integrity	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>management policy and the related implementation status in 2022 is as follows:</p> <p>A. Education and Training: 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 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. A total of 3,365 course hours was conducted.</p> <p>B. Legal Compliance: 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>C. Annual self-assessment: Annual online self-assessment tests are conducted for all employees, covering the Code of Conduct, the Ethical Corporate Management Best</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>Practice Principles and the Conduct Guidelines. The test 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>D. Periodic Audits: In order to prevent employees from engaging in dishonest or unethical behaviors and to consider factors such as fraud risks, the Company's Legal Office of the General Management Division has been 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>E. Whistleblower System and Whistleblower Protection: 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</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>specific reporting system to actively prevent unethical or dishonest conduct and encourage internal and external personnel to report dishonest conduct or misconduct, with the Legal Office of the General Management Division 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 committed to protecting whistleblowers from improper treatment as a result of their reports.</p> <p>In addition, the Company's Human Resources Department will impose appropriate penalties, including termination of employment or dismissal, on personnel who are found to have acted against integrity in accordance with the relevant laws and regulations or the provisions of the Company's Regulations Governing Reward and Punishment. Internal Audit Office: Audit of reported cases of violations of the Company's ethical corporate management</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 interest, provide appropriate communication and complaint channels and implement such policies properly?	✓		<p>policies and relevant laws and regulations. In 2022, one grievance case directly filed by employees was accepted, and no major violations of ethical management were found after investigation.</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 conduct and audit the compliance to prevent unethical conduct, or commissioned independent auditors to conduct the audit?	✓		(IV) Our accounting system and internal control system have been submitted to the Audit Committee and the board for approval. The internal audit unit inspects the actual operations, and prepares working papers and audit reports on the audit results and submits them to members of the Audit Committee, which effectively prevent malpractices, and regularly reports to the board on the implementation of audit operations.	No difference.
(V) Does the Company provide internal and external ethical	✓		(V) We have formulated the "Ethical Operations Management Best	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	
management training programs on a regular basis?			<p>Practice Principles” and “Procedures for Ethical Operations Management and Guidelines for Conduct”, and published them on the Company website and the internal electronic bulletin board.</p> <p>In order to promote ethical management and conducts, employees are reminded of the rules of ethical management in the training of new employees every year, and relevant information sources are provided so that employees can grasp information related to ethics at all times. In 2022, the participation in education and training was about 3,365 person-time, and the total number of days of learning was 687 days.</p> <p>In order to prevent insider trading, we conduct education and training courses on the regulation and constituent elements of insider trading for managerial officers above the department levels, the general manager and the chairman and general manager of subsidiaries. In 2022, the participation in the education and training had 57 person-time, totaling 3 hours.</p>	
<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>(I) The Company has established the following complaint or grievance filing channels for employees or external parties:</p> <ol style="list-style-type: none"> 1. Address: No.139, Zhengzhou Road, Datong District, Taipei City 10341 2. Complaint filing hotline: 	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	
(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?	✓		(02) 25575050#869 3. Complaint filing fax number: (02)2557-0665 4. Email: floatbird@secom.com.tw The division of powers and responsibilities for handling the reported violations are clearly defined.	No difference.
(III) Does the Company adopt proper measures to shield a whistleblower from retaliation for filing grievances?	✓		(II) The Company has established a whistleblowing procedure and a confidential mechanism for receiving complaints. (III) Unless otherwise required by law, the Company will take appropriate measures to protect the privacy of the whistleblowers and the information provided by the them and maintain confidentiality.	No difference.
IV. Strengthen the information disclosure (I) Does the Company disclose the content of its Ethical Corporate Management Best Practice Principles as well as information about implementation thereof on its website and Market Observation Post System (“MOPS”)?	✓		(I) Please refer to the Company’s website for ethical management related information: http://www.secom.com.tw	No difference.
V. If a company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation.				
VI. Other important information to facilitate better understanding of the implementation of Company’s ethical corporate management (e.g., review and amend the Company’s ethical corporate management principles) None.				

3-3-7 If a company has adopted its own Corporate Governance Best-Practice Principles or related regulations, disclose how these are to be inquired: The Company has

adopted the Corporate Governance Best-Practice Principles and related regulations, disclosed in the employee NOTES system internally and the corporate website externally.

3-3-8 Other 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, 2023

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 2022:

- 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, 2022, 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, 2023, 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: Not applicable.
- 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 2022 Annual Shareholders' Meeting:
The Company held one Annual Shareholders' Meeting in 2022 and up to date of this annual report. The 2022 Annual Shareholders' Meeting was held in No. 151, Danjin Road Sec. 5, Tamsui District, New Taipei City (training center in Tamsui) on May 31, 2022, and the summary of significant resolutions is as follows:

● Matters for Ratification:

- (1) Ratification of the 2021 business report and financial statements.

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

Items	Results of voting (including electronic voting)	Total voting rights in % at the time of voting
Voting rights of shareholders in attendance	363,365,961	100%
Approval	360,466,581	99.20%
Against	12,387	0.01%
Invalid	0	0%
Abstention/ Did not vote	2,886,,993	0.79%

The status of Implementation:

Ratification of the 2021 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) Ratification of 2021 profit distribution:

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

Items	Results of voting (including electronic voting)	Total voting rights in % at the time of voting
Voting rights of shareholders in attendance	363,365,961	100%
Approval	360,414,979	99.18%
Against	50,829	0.03%
Invalid	0	0%
Abstention/ Did not vote	2,900,153	0.79%

The status of Implementation:

The resolution of the 2022 Annual Shareholders' Meeting approved the 2021 distributable profits of NT\$2.25598 billion and the proposal of cash dividends of NT\$5 per share. June 28, 2022 was set as the record date of dividends, and the cash dividends were issued on July 15, 2022.

● **Matters for Discussion:**

(1) Amendments to provisions of the Articles of Incorporation.

Items	Results of voting (including electronic voting)	Total voting rights in % at the time of voting
Voting rights of shareholders in attendance	363,365,961	100%
Approval	359,706,648	98.99%
Against	437,341	0.13%
Invalid	0	0%
Abstention/ Did not vote	3,221,972	0.88%

Implementation status: Effective from the resolution passed by the Annual Shareholders' Meeting

2. Implementation of important resolutions board meetings held in 2022:

A total of five board meetings were held in 2022 and up to the publication (From January 1, 2022 to March 31, 2023) date of this annual report. An abstract of the resolutions of the meetings is as follows:

Meeting date March 15, 2022 (The 9th meeting of the 16th session)

- (1) Approved the 2021 business report and financial statements.
- (2) Approval of the 2021 distribution of employees' and Directors' remunerations.
- (3) Approval of the proposal to the Company's 2021 earnings distribution.
- (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 formulate the Company's 2022 business plan.
- (7) Approval of the resolutions of 3rd meeting of the 4th Compensation Committee.
- (8) Approval of the remuneration to managerial officers
- (9) Approval of the proposal to amend the Company's Articles of Incorporation.
- (10) Approval of the proposal to amend the Company's Rules of Procedure for 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 application for credit lines from the 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 Annual Shareholders' Meeting.

Meeting date on May 11, 2022 (The 10th meeting of the 16th session)

- (1) Approval of the Measures for Filing Grievances.
- (2) Approval of the resolutions of 4th meeting of the 4th Compensation Committee.
- (3) Approval of the proposal to establish a nomination committee and the formulate the Organizational Charter of the Nomination Committee.
- (4) Approval of the "Personal Data and File Security Maintenance Plan and Personal Data Processing Method after Business Termination".
- (5) Approval of the Company acting as a joint guarantor for the subsidiary Lee Way Electronics Co., Ltd.'s application of credit facilities from financial institutions.
- (6) Approval of the proposal to lend funds to subsidiaries.

Meeting date on August 10, 2022 (The 11th meeting of the 16th session)

- (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 Q2 2022 consolidated financial reports.
- (3) Approval of the proposal to amend the provisions of the Operating Procedures for Loans to Others and Endorsement and Guarantee
- (4) Approval of the resolutions of 5th meeting of the 4th Compensation Committee.
- (5) Approval of application for credit lines from the financial institutions.
- (6) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.

Meeting date on November 14, 2022 (The 12th meeting of the 16th session)

- (1) Approval of the Company's Q3 2022 consolidated financial report.
- (2) Approval of the regular assessment of the CPAs' independence.
- (3) To accommodate the internal personnel rotation of Ernst & Young Taiwan, the proposal of replacing Certified Public Accountants for the Company was approved.
- (4) Approval of the proposal to amend provisions of the Board Meeting Rules of Procedures
- (5) Approval of the proposal to amend the Procedures for Handling Material Inside Information
- (6) Approved the 2023 audit plan
- (7) Approval of application for credit lines from the financial institutions.
- (8) Approval of the proposal to lend funds to subsidiaries.

Meeting date on March 14, 2023 (The 13th meeting of the 16th session)

- (1) Approval of the chairman's authorization of the Company's acquisition or disposal of operating equipment, right-of-use assets or property right-of-use assets of subsidiaries.
- (2) Approval of the Company's acquisition of operating assets from its subsidiary, Titan-Star International Co., Ltd., amounted to NT\$300 million or more
- (3) Approved the 2022 business report and financial statements.
- (4) Approval of the 2022 distribution of employees' and Directors' remunerations.

- (5) Approval of the proposal to the Company's 2022 earnings distribution.
 - (6) Approval of list of non-assurance services expected to be provided by Ernst & Young Taiwan and its affiliates from 2022 to 2025.
 - (7) Approval of the proposal to issue the 2022 Statement on Internal Control.
 - (8) Approval of the proposal to formulate the Company's 2023 business plan.
 - (9) Approval of appointment and hiring of managerial officers:
 - (10) Approval of the motion of the Company's donation to "Taiwan Secom Cultural Foundation":
 - (11) Approval of re-election of directors (including independent directors)
 - (12) Approval of the deliberation on candidates for directors (including independent directors) nominated by shareholders
 - (13) Nomination of candidates for directors and independent directors and review of nominees
 - (14) Approval of application for credit lines from the financial institutions.
 - (15) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.
 - (16) Approval of proposal of matters regarding the Company's 2023 Annual Shareholders' Meeting.
- (XII) 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.
- (XIII) A summary of resignations and terminations, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the Company's chairman, general manager, principal accounting officer, principal financial officer, chief internal auditor, principal corporate governance officer and principal research and development officer:

March 31, 2023

Title	Name	Inauguration date	Resignation date	Reason for resignation or dismissal
Deputy General Manager	HUNG Pei-Hsiu	2020.03.01	2023.03.01	Personnel change

3-4 Audit fee of independent auditors:

3-4-1 Audit fee of independent auditors:

Unit: NT\$ thousand

Accounting firm	CPAs	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 Yen-Chun HSU Hsin-Min	2022.01.01 2022.09.30	6,062	-	60	-	2,962	3,022	
	LIU Hui-Yuan WANG Hsuan-Hsuan	2022.10.01 2022.12.31							

(Note). Non-audit fees -- Others include tax audit NT\$2,057 thousand, sustainable development report consultation service fees for NT\$302 thousand, special purpose audit report for NT\$508 thousand and others for NT\$95 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 CPAs: In order to cooperate with the internal rotation of Ernst & Young, Taiwan, the Company changed the CPAs for financial statements from CPAs WANG Yen-Chun and HSU Hsin-Min to LIU Hui-Yuan and WANG Hsuan-Hsuan starting Q4 2022.

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:

3-7-1 Directors, managerial officers, and major shareholders' equity transfer and change in share pledge status:

Unit: shares

Job title	Name	2022		Year ended March 31, 2023	
		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	90,000	(340,000)	-	-
Vice Chairman	Hsin Lan Investment Co., Ltd.	30,000	(420,000)	-	-
	Representative: LIN Chien-Han	2,252,499	-	43,874	-
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.	28,000	200,000	-	300,000
	Representative: LIN Ming-Sheng	2,252,498	450,000	-	-
Director	Chin Kuei Investment Co., Ltd.	-	-	-	-
	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	2,252,498	450,000	-	-
Head of Chief Executive Officer	ONODERA Hirofumi	-	-	-	-
Chief Executive Officer	LIN Chien-Han	2,252,499	-	43,874	-
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	-	-	-	-

Job title	Name	2022		Year ended March 31, 2023	
		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	LEI Ching-Ming	-	-	-	-
General Manager	CHANG Lan-Ching	-	-	-	-
General Manager	HUANG Hsien-Kuei	-	-	-	-
General Manager	TENG Ching-Chung	-	-	-	-
General Manager	CHANG Nai-Sen	-	-	-	-
General Manager	LU Chen-Lung	-	-	-	-
Deputy General Manager	CHEN Chia-Ying	-	-	-	-
Deputy General Manager	TAKAHA Hidenori	-	-	-	-
Deputy General Manager	LIN Chia-Hui	-	-	-	-
Deputy General Manager	WANG Chih-Chiang	-	-	-	-
Deputy General Manager	CHAN Jui-Tung	-	-	-	-
Deputy General Manager	HUNG Pei-Hsiu	-	-	-	-
Deputy General Manager	LIU Yun-Fang	-	-	-	-
Deputy General Manager	WU Jung-Hua	-	-	-	-
Deputy General Manager	HU Chih-Chiang	-	-	-	-
Corporate Governance Supervisors	WU Cheng-Chih				

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.

3-7-2 Information on related parties involved in the directors, managerial officers, and major shareholders' equity transfer: None.

3-7-3 Information on related parties involved in the directors, managerial officers, and major shareholders' change in share pledge: None.

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. Representative: Ichiro Ozeki	123,110,870	27.29%	-	-	3,609,498	0.80%	-	-	
	-	-	-	-	-	-	-	-	
Shin Kong Life Insurance Co., Ltd. Representative: PAN Po-Cheng	32,783,205	7.27%	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
Cheng Hsin Investment Co., Ltd. Representative: LIN Hsiao-Hsin	21,851,337	4.84%	-	-	-	-	Shin-Lan Enterprise Co., Ltd.	Cheng Xin Investment adopts the equity method to invest in the company	
	4,200,918	0.93%	-	-	-	-	Yuan-Shin Investment Co., Ltd.	First degree relative representative of the company	
Chunghwa Post Co., Ltd. Representative: WU Hung-Mou	18,109,740	4.01%	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
Shin Lan Enterprise Inc. Representative: LI Mei-Hui	14,605,063	3.24%	-	-	-	-	Cheng Hsin Investment Co., Ltd.	Adopts the equity method to invest in the Company	
	-	-	-	-	-	-	-	-	
Fubon Life Insurance Co., Ltd. Representative: TSAI Ming-Hsing	9,265,595	2.05%	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
Wan-Quan DU Charity Foundation Representative: TU Heng-Yi	8,568,216	1.90%	-	-	-	-	-	-	
	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. Representative: LIN Ming-Sheng	8,076,190	1.79%	-	-	-	-	-	-	
	3,466,439	0.77%	139,005	0.03%	-	-	Cheng Hsin Investment Co., Ltd.	First degree relative representative of the company	
Goldsun Building Materials Co., Ltd. Representative: HSU Lan-Ying	6,065,000	1.34%	-	-	-	-	-	-	
	-	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.	285,698	100.00%	-	-	285,698	100.00%
Leebao Security Co., Ltd.	103,983	100.00%	-	-	103,983	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 and Maintenance Co., Ltd. Co., Ltd.	28,463	80.96%	6,694	19.04%	35,158	100.00%
Aion Technologies Inc.	15,102	87.42%	-	-	15,102	87.42%
TransAsia Catering Service Co., Ltd.	24,563	67.02%	9,091	24.81%	33,654	91.83%
Zhong Bao Insurance 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	94.38%
Anfeng Enterprise Co., Ltd.	900	30.00%	-	-	900	30.00%
Brightron Technology & Engineering Corporation	2,085	5.18%	36,638	90.95%	38,723	96.13%
Golden Harvest Food Enterprise Ltd.	12,010	97.84%	-	-	12,010	97.84%
Lots Home Entertainment Co., Ltd.	684	1.93%	31,106	87.59%	31,790	89.52%
Huaya Development Co., Ltd.	25,513	42.52%	-	-	25,513	42.52%
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%	179,440	15.21%	257,146	21.80%

Note: The table lists the investment of the Company adopting the equity method as of 2022.12.31.

IV. Financing Activities

4-1. Capital and shares

4-1-1 Source of capital

1. Type of shares

Unit: Share.

Types of shares	Authorized capital			Remark
	Shares outstanding	Un-issued shares	Total	
Common shares	451,197,093	48,802,907	500,000,000	1. Shares of listed company 2. Information for 2022 and as of March 31, 2023

2. History of capital formation

Units: Share / NT\$ thousand

Year / Month	Issue Price (NT\$)	Authorized capital		Paid-in Capital		Remark		
		Number of shares	Amount	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 (I) 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 (I) 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 I 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 III 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 I No. 0920129483
2005/9	10	440,127,877	4,401,279	440,127,877	4,401,279	Earnings 86,300	None	2005.08.11 Tai-Tsai-Cheng I 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 Tai-Tsai-Cheng I 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-Zi No. 1030029353

4-1-2 Shareholder Structure

March 31, 2023

Composition of shareholders	Governmental agencies	Financial institutions	Other Juristic Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Quantity						
Number of Shareholders	1	16	406	38,677	241	39,341
No. of Shares Held	210,000	67,177,087	118,882,398	83,759,869	181,167,739	451,197,093
Ownership held by the Company	0.05%	14.89%	26.35%	18.56%	40.15%	100.00%

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

4-1-3 Ordinary share ownership distribution

March 31, 2023

Shareholder ownership	Number of Shareholders	No. of Shares Held	Shareholding percentage
1 to 999	26,550	1,452,176	0.32%
1,000 to 5,000	10,176	19,788,241	4.39%
5,001 to 10,000	1,297	9,361,285	2.08%
10,001 to 15,000	479	5,894,827	1.31%
15,001 to 20,000	201	3,569,121	0.79%
20,001 to 30,000	176	4,377,659	0.97%
30,001 to 40,000	81	2,849,403	0.63%
40,001 to 50,000	59	2,660,967	0.59%
50,001 to 100,000	118	8,521,143	1.89%
100,001 to 200,000	60	8,046,173	1.78%
200,001 to 400,000	50	13,639,901	3.02%
400,001 to 600,000	27	13,600,490	3.01%
600,001 to 800,000	11	7,500,063	1.66%
800,001 to 1,000,000	8	7,296,051	1.62%
1,000,001 or above	48	342,639,593	75.94%
Total	39,341	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, 2023

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.		32,783,205	7.27%
Cheng Hsin Investment Co., Ltd.		21,851,337	4.84%
Chunghwa Post Co., Ltd.		18,109,740	4.01%
Shin Lan Enterprise Inc.		14,605,063	3.24%
Fubon Life Insurance Co., Ltd.		9,265,595	2.05%
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.		8,076,190	1.79%
Goldsun Building Materials Co., Ltd.		6,065,000	1.34%

4-1-5 Market price, net worth, earnings and dividends per share and the related information for the most recent two years

Items			Year	2021	2022	As of March 31, 2023
Market Price Per Share	Highest			NT\$ 107.00	NT\$ 114.50	NT\$ 105.50
	Lowest			NT\$ 86.10	NT\$ 89.70	NT\$ 98.80
	Average			NT\$ 95.12	NT\$ 102.53	NT\$ 101.10
Net Worth Per Share	Before distribution			NT\$ 25.73	NT\$ 26.69	NT\$ -
	After distribution			NT\$ 20.73	NT\$ 21.69	NT\$ -
Earnings per share	Weighted average shares			440,923 Thousand shares	441,111 Thousand shares	- Thousand shares
	Earnings per share	Before adjustment		NT\$ 5.73	NT\$ 5.85	NT\$ -
		After adjustment		NT\$ 5.73	NT\$ -	NT\$ -
Dividends per share	Cash dividends			NT\$ 5.00	NT\$ 5.00	NT\$ -
	Issuance of bonus shares	Dividends from retained earnings		NT\$ -	NT\$ -	NT\$ -
		Dividends from capital surplus		NT\$ -	NT\$ -	NT\$ -
	Accumulated undistributed dividends			NT\$ -	NT\$ -	NT\$ -
Return on investment Return Analysis	Price/earnings ratio			16.60	17.53	-
	Price/dividend ratio			19.02	20.51	-
	Cash dividend yield rate			5.26%	4.88%	-

4-1-6 Company's dividends policy and the implementation status

1. Dividend policy as stipulated in 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 2022 profit distribution has been approved by the 13th meeting of the 16th session of board on March 14, 2023, 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 bonus shares proposed by the shareholders' meeting on the Company's operating performance and earnings per share: Not applicable.

4-1-8 Remuneration for employees and directors

1. Percentages or ranges with respect to employees' and directors' remuneration specified in the Articles of Incorporation:

If the Company is profitable in the fiscal year (refers to pre-tax net 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.

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) Amount of profit sharing from earnings for employees, directors, and supervisors payable in cash or stock and the explanation for the difference:

On 14 March 2023, the board approved the cash distribution of NT\$30,273 thousand for employee remuneration and NT\$121,091 thousand for director remuneration, which is a difference of NT\$224 thousand from the recognized amount of NT\$151,140 thousand. The difference will be recognized as the 2023 expense adjustment.

- (2) 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: Not applicable.

4. Distribution of profit sharing from earnings for employees for employees and directors in the previous year (2021):

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.

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 door lock and the transition of operation interface to an APP for mobile devices, the system is able to provide a diversified service solution; meet different business needs at the same time. In order to simplify the equipment used at the local end and reduce the risk of theft or damage, we have incorporated the philosophy of cloud services into our design, such as remote video cloud storage, cloud-based monitoring and management platform, etc., which will offer good assistance to our management of commercial clients.

*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, earthquake early warning 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, walkie-talkie connection to control home electronic locks or rolling iron doors, etc., the system is able to help customers master a convenient life right in their palms.

*Financial Institutions

(4) Dedicated Line System for ATMs (CS)

The company provides professional services such as anti-theft and damage

detection for ATMs installed in banks and automatic service areas to achieve 24-hour perfect and safe protection for unmanned banks.

***Computer Lottery Betting Station**

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

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

(6) Value-added Service for Access Control Systems

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

“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: IP camera, digital video recorder (DVR), network video recorder (NVR), 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/Chrome 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.

In 2022, we started to incorporate the application of AI into our services. The recognition chip on the AI IP camera can display the results on the recording server to reduce the use of expensive servers of the past and costs. The management platform developed in-house by Taiwan Secom and the recognition results of the AI IP camera together offer more service applications.

(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) NovecTM1230 Automatic Clean Agent Fire Extinguishing System

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

(5) Early Warning System (NS)

The system is used in the environments such as clean rooms, computer facilities, 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.

(7) Smart Vault

Users can use fingerprints, passwords or keys or the two-factor authentication of passwords and fingerprints to unlock the vault. It offers comprehensive security check, and has voice-guided operations to meet different customer needs. It has the simplicity and convenience of a casting vault, and the intuitive electronic panel design is a symbol of modern styles and attentive design.

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)

According to the latest population estimates, Taiwan's total population would have begun to decline starting 2022, and the super-aged society may come around 2026. 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. For abnormal records, telephone calls and greetings are sent to provide the elderly with care and support.
- Provision of online health advisory
- Personalized health data analysis and recommendations provided by nurses, and health reports sent to home on a regular basis.

(2) Public Health Monitor Station

- Provision of personal ID of health account
- Measurements include: AI big data health score for physical and mental indicators, blood pressure, forehead and ear temperature, body fat (weight), alcohol test value.
- 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+2 APP real time description and suggestions for measurement results
- Push notification reminder in LINE group for abnormal measurement results
- Provision of health advisory service to the public

(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)
- Measurements provided by the Public Health Monitor Station include: AI big data health score for physical and mental indicators, blood pressure, forehead and ear temperature, body fat (weight), alcohol test value.
- 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
 - High-standard Defibtech from the US -- Automatic CPR machine, which has obtained FDA worldwide and CE medical certification to help emergency personnel provide patients with uninterrupted quality and effective CPR (chest compression), greatly improving the quality of first aid.
- (5) Emergency Services for Solitary Elders
- Emergency notification sent by registered nurses to the family or police unit when 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) 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 smart connection management 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. We also provide multiple AED installation sites, and clients can use the smart connection map control system to instantly learn of the status and locations of multiple AEDs.

An AED QR code sticker is placed next to the AED box, and the AED maintenance history, status and the expiration date of the patches and batteries can be checked by simply scanning the sticker with a mobile phone.

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 the new retail era and the availability of sophisticated Internet technology, we have strengthened product marketing channels and direct reach to customers through the Internet. The brand image and retail products are promoted to the existing customers and a large number of target audience through multiple digital platforms. The traditional door-to-door approach of the past taken by sales personnel has been expanded to diverse online marketing methods. We explore different scenarios of consumption to find potential clients, and adopt extensive use of digital technology marketing, martech, and CRM to deepen value for members. We also select third-party high-quality product suppliers to expand online merchandise categories through reliable brand values, and provide customers with comprehensive, full-channel, and uninterrupted services to maintain and further enhance the quality of customer experience.

N. Home Repair Service

In addition to monitoring and disaster prevention needs in the building, home repair is also a burning issue in our customers’ everyday lives. In April 2016, the Company officially launched the “Home Environment Cleaning Expert” service, a one-stop cleaning service for air-conditioning and home appliance, to sale a variety of

installation, maintenance and cleaning services for household appliances and air conditioners. Through our unique 12-stage treatment, we can effectively sterilize and mold-proof air conditioners and bring customers a comfortable environment away from allergens. Starting from 2018, in response to the requirements of home customers, we have successively extend “Home Environment Cleaning Expert” cleaning service to water pipes, water towers and washing machines, leaky pipes repair and have also accepted customers’ order of home appliances, providing another growing force for the Company’s revenues. Since 2020, due to the market panic caused by COVID-19, the demand for disinfection and sterilization at home or in the office has increased dramatically, and Home Environment Cleaning Expert therefore quickly launched disinfection 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. In response to the current situation of information security, we have reinforced the overall security. In order to create more revenue for the Group and provide more information security services to Taiwan Secom's clients, we have collaborated with Baohwa Trust Co., Ltd. to introduce the product mix of Taiwan Secom Information Security Double Protection Solution to help companies establish their continuous protection measures.

2. Percentage of operation

Expressed in thousands of NTD

Revenue and Proportion Items	2022	
	Net operating income	Proportion (%)
Income from electronic system	6,846,350	44.57%
Income from static guard service	2,342,017	15.25%
Income from cash-in-transit service	1,212,755	7.90%
Income from logistics service	995,939	6.49%
Other operating Income	3,960,384	25.79%
Total	15,357,445	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) Minibond 4G compact on-board unit
 - (2) Minibond video on-board unit integration
 - (3) Implementation of Minibond backend management system
 - (4) Construction of comprehensive image integration platform
 - (5) Integration of face recognition machines
 - (6) Touch access control door intercoms
 - (7) Bar code readers
 - (8) Integration of electronic locks/door opening equipment
 - (9) Health care wearable equipment and system
 - (10) New generation of My Vita+ main units and sensors
 - (11) Cloud intercom software and hardware
 - (12) Add recognition functions to AI-Box and expand hardware performance
 - (13) Energy storage system
 - (14) Signal forwarding customer service platform for the Patrol Exchange Project

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. Taiwan Secom has rigorously observed the development of security application technologies around the world, and continuously formed collaborative studies with technological providers, which is one of the advantages of Taiwan Secom 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 50,000 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 2022, more than 12,000 units of AEDs have been installed in 8 major types of public places, with a total of 5,821 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 July 2022, 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 devices manufacturing 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 six to seven 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/ service providers. We have incorporated the concept of smart buildings and integrated access control, monitoring and disaster prevention into the building automation process to make daily life routines smarter and create a safe living environment. At present, the system is divided into three 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.

The third is the systemic integration of smart building applications for related services such as access control, environmental monitoring, safety and disaster prevention and control.

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.

10. New Retail E-commerce Service

Industry status and development

In the post-pandemic era, people's daily routines have returned to normal, and consumers will not rely on the Internet for purchase of daily necessities or doing chores as often. Rising interest rates and inflation have increased the cost of raw materials or labor, further reducing the gross profit margin of e-commerce operators. Under these impacts, e-commerce websites, unless they have in business for a long time or are leaders in the respective markets, often encounter difficulties in maintaining profitability and have to close down their sites. E-commerce operators need to commit more marketing expenses and try to flexibly use many tools to directly communicate with consumers.

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 Industrial Economics and Knowledge 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 Research and Development:

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

2022	NT\$ 123,194 thousand
As of the printing date of this annual report (2023)	NT\$ 32,466 thousand
Projected R&D expenses in 2023	NT\$ 141,755 thousand

2. Technologies and products successfully developed:

A. R&D of commercial wireless equipment for IoT

Based on the experience of Secom’s service in IoT over the past few years, in addition to providing home customers with a smart and safe home environment, the disaster protection for people and property at home is another area improved. As customers increasingly rely on IoT-based services, the systems that originally focus on anti-theft and smart home control have added the development of disaster prevention detectors. For example, smoke and heat sensors, gas and carbon monoxide detectors that are commonly used for disaster prevention, and temperature and humidity detectors and indoor air quality detectors that are used to protect the quality of life at home. The development of new wireless detection equipment not only supports the systems to provide more integrated services, but also makes customers feel more secure and more convenient. The following are the main development projects of wireless equipment:

(1) Sensors for protecting personal safety and preventing property from damage

Sensors need to meet the existing requirements for product reliability and obtain certifications by fire protection foundations. Our communication algorithm developed in-house also makes the communication signals more stable, and meets the power conservation requirements for IoT products.

(2) Sensors for protecting quality of life at home

The temperature and humidity sensors developed upload the temperature and humidity data of the environment to the My Vita+ server periodically. With the algorithm of the server, users can clearly understand the daily/weekly temperature and humidity change curves through the use of the My Vita+ App. The smart settings of the My Vita+ system can turn on/shut off air-conditioning and dehumidification equipment in a timely manner. These functions maintain a comfortable home environment, and effectively control the use of electricity. The App functions are shown as follows:



For the list of the App temperature and humidity sensors, if the equipment reports the values (generated report), the red box area automatically shows a button, where users can see charts and download information after clicking. It disappears if there are no values to show.



(Daily/weekly/monthly) temperature and humidity curve charts

B. Information security program optimization and anti-hacking

My Vita+ App and its backend, DVR, IP camera and wireless IP router that have information security protection capabilities.

In this era where convenient services are offered everywhere, we can complete many tasks through the Internet. Whether it is online shopping, online office, network communication, etc., almost all information can be transmitted and shared through the Internet. With the continuous evolution of network technology, AI recognition, media transmission and traditional image security systems have all begun to be more closely integrated with the network. The arrival of the IoT is accompanied by the increasing importance of information security.

Taiwan Secom has always been an early adopter of technology, so the services provided have long been inseparable from the Internet. In order to improve the service quality and the security level of equipment, the Company has also accelerated the information security protection of all equipment and networks used.

Since the protection of information security is a complex and continuous work, we have chosen to prioritize the development of several key equipment and services for security services, including the My Vita+ App and its backend server, DVR, IP cameras, and IP routers in network hubs, etc.

After careful consideration, we have selected the well-known CHT Security and Baohwa Trust Co., Ltd. for the collaboration, and asked them to provide opinions on equipment and protection development as reference for our in-house R&D unit. After rigorous assessment, we find that as internal sensitive information (customers, sales, financials, etc.), company assets, know-how, etc. can cause significant losses in our business and properties if obtained by hackers and made available to the public, we have to conduct penetration tests on key equipment and information systems before malicious hackers conducts attacks on our vulnerabilities and loopholes to know whether our network, systems and equipment are safe. Therefore, we immediately entrust the abovementioned two companies to performance penetration testing on each target equipment.

After reviewing the results of such tests, we conduct correction and development targeting the information security of all equipment, and have obtained good results on protection:

(1) DVR

Our DVRs are widely used in the security system of customers, so their security is very important. A total of 10 vulnerable spots were detected by CHT Security. Among them, there were 9 high-risk items, including traverse permission, attacks blocking services, function abuse, command injection, hardcoded sensitive data, and weak passwords, etc., and the development efforts of our R&D unit have completed the protection of weak spots.

(2) IP routers

Our IP routers are the hubs of network service access. During the inspection, it was found that there were five high risk items, such as hardcoded sensitive data, command injection, traverse permission, attacks blocking services, and server-side request forgery (SSRF), etc., and nine medium/low-risk information security issues. With the assistance offered by CHT Security and the OEM, our R&D unit was able to patch up the loopholes in the shortest time possible, further reducing the risks that customers may encounter during use.

(3) Internet Protocol Camera

After public acceptance of network cameras, the security of those cameras has become even more important. With the assistance offered by CHT Security and Baohwa Trust Co., Ltd., we found an average of eight known risks to the network cameras we tested. There were weak passwords, command injection, traverse permission, cross-site scripting attacks, malicious use of functions, etc. With the efforts of collaborating partners and our in-house R&D unit, we have fixed the loopholes.

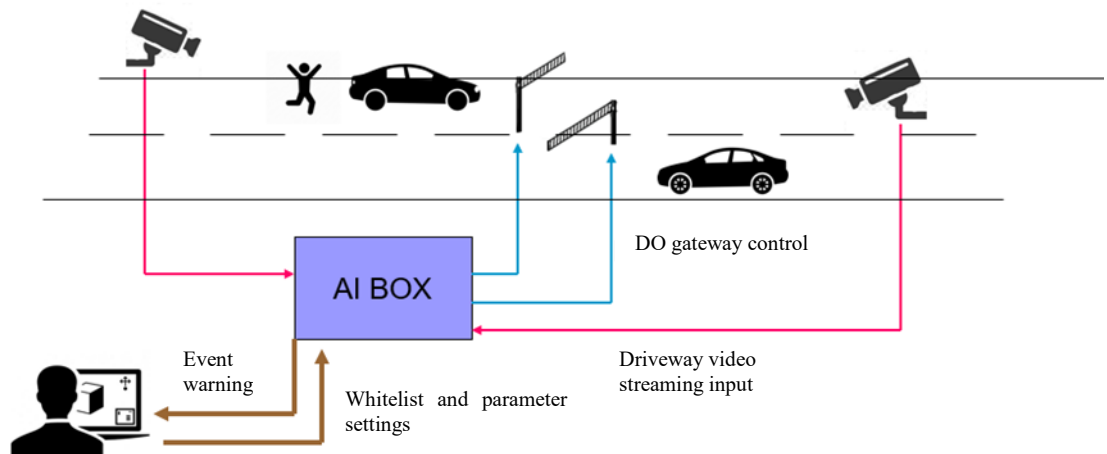
(4) My Vita+ App and backend server

The My Vita+ App is the portal to our security services. Customers use the App to control the security functions, so it is very important. The information security inspection found a total of nine high/medium/low risks in the App and the backend server. There were traverse permission, server-side request forgery (SSRF), disclosure of sensitive system information, etc. The R&D unit spared no effort in making corrections within the shortest time to enhance the overall security and reliability.

C. AI smart image recognition box functions

The development of technology has applied the use of artificial intelligence to various professions and industries to promote automation in management and reduction of time and labor costs. The security industry is no exception, as resources are put into the development of related technologies and applications, especially the smart image analysis. AI recognition is capable of capturing data for analysis based on specified characteristics. This approach reduces false alarm rate and transmits alarms in real time, further achieving monitoring and control for prevention in advance and realizing the concept of smart security protection.

Taiwan Secom has incorporated the use of edge computing equipment to develop an intrusion detection system that uses human figures as the core of recognition. When the recognition platform detects that a person enters a warning range, it will immediately send a warning signal and retain the image of the moment, which can remind users and the control unit of the occurrence of an abnormal situation. This puts the effectiveness of the monitoring system to full use to prevent losses due to distraction to monitoring personnel who may fail to properly handle situations in the first place. We also have developed license plate recognition functions based on AI smart image recognition. The data collected through the judgment of large amount of objects helps the system repeatedly calculate and learn to reduce the errors in analysis, which effectively improve the accuracy of license plate recognition and the efficiency of the recognition system. The system architecture is shown as follows:



System architecture diagram

In the past, people often used remote controls and electronic key fobs to get in and out the parking lot of the communities in which they live. However, they may sometimes encounter loss or malfunction of the devices, and have to wait for the assistance of the property management staff, which can be time-consuming and costly. Residents lending their IDs to friends and relatives may cause management issues and community safety concerns. Parking lots in public areas and community buildings have gradually adopted the use of license plate recognition systems. With the image recognition box equipment, customers do not have to replace their frontend image devices with specific models, and they can quickly adopt the use of recognition applications to make their parking lots automated. Once the plate number registered in the database is identified successfully, the gate is opened, which saves the waiting time for remote control or detection, improves the access efficiency and reinforces the security monitoring in the communities. In the future, intruder detection and license plate recognition will be integrated to control the vehicle access and at the same time monitor whether there are people intruding through the driveway, which can prevent parking lot entrance from becoming a security loophole.

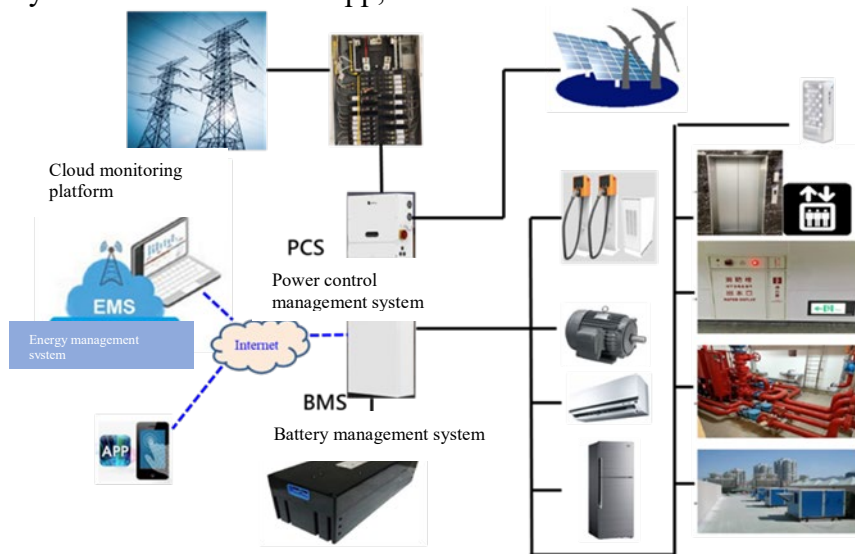
D. Small energy storage system and platform

In recent years, the government has continued to promote energy transformation. The capacity of green energy has increased rapidly, and the power grids in Taiwan also have faced challenges such as rapid industry changes, lack of stability and reliability, etc. In 2021, Taiwan's total electricity consumption has reached 283 billion kWh. With an annual increase of 4.3%, the peak load power consumption in April 2022 even reached as high as 360 billion kWh. The recent blackout events, such as the one in March last year which caused about 5.49 million households to suffer, have impacted the petrochemical, aquaculture, semiconductor and steel industries, and the losses might have exceeded tens of billions. It is obvious that power supply is an issue to people's daily routines and an industry problem that can affect economic development.

At this point, fossil energy still dominates the global power generation structure. However, as countries around the world move toward their net-zero goals, the proportion of renewable energy in the power generation systems will further increase.

For the large-scale connection to power generation and consumption of new energy, the entire power system needs to be converted to have the capabilities of “power supply, grid, load and energy storage” to overcome the intermittency and volatility of wind and solar power. As energy storage becomes the fourth main elements of new power systems, new storage technology will be the driving force for net-zero of power systems.

The substations operated by Taiwan Power Corporation are generally old, and the new replacement cannot keep up with the speed of electricity consumption by the industry. In the future when nuclear power plants are decommissioned, thermal power plants are not built, and the performance of green energy is unstable, energy storage systems will play a key role in ensuring net-zero efforts and power stability. As major global firms establish their factories one after another in Taiwan, Taiwan Secom also enters the energy storage market. The Company introduces energy storage systems which can regulate the power grid and store the surplus electricity when the demand is low into chemical, kinetic and potential energy, which can then be released during the power consumption peaks. The more renewable energy supplies are built, the higher the grid's demand for energy storage and regulation. Taiwan Secom has introduced an energy storage system, and the system architecture diagram is shown as follows. The integration of power regulation systems and battery management systems, combined with the backend energy management systems and the mobile App, will be able to meet user needs.



System architecture diagram

(1) Power conditioning system (PCS)

- A variety of power consumption modes can be set, for example, the time-of-use pricing to realize the “peak-shaving and valley-filling” of the grid load.
- Equipped with a two-way power regulation system, which can control and manage the charging and discharging of the battery, and achieve the two-way conversion and connection of AC and DC power.
- Support a variety of power sources, such as solar energy, generators, power grids etc., and serves as backups when Taiwan Power Corporation has a blackout.

(2) Battery management system (BMS)

- Monitor and manage battery status, and measure battery voltage and health.

- Battery protection capability, and manage batteries to prevent overheating and other abnormal status.
 - Provide the status of each battery cell at all time, and maintain the normal operation of the energy storage system.
- (3) Energy management system (EMS)
- Collect, process and compile energy data provided by the PCS and BMS.
 - Control the entire set of energy storage system through monitoring, analysis and diagnosis.
 - Check the power consumption status and the related data through the Company's website and mobile App at any time, and set the charging and discharging schedule based on the needs.

5-1-4 Long- and short-term business development plans

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

Item	Name of Plan
1	Minibond 4G compact on-board unit
2	Minibond video on-board unit integration
3	Implementation of Minibond backend management system
4	Construction of comprehensive image integration platform
5	Integration of face recognition machines
6	Touch access control door intercoms
7	Bar code readers
8	Integration of electronic locks/door opening equipment
9	Health care wearable equipment and system
10	New generation of My Vita+ main units and sensors
11	Cloud intercom software and hardware
12	Add recognition functions to AI-Box and expand hardware performance
13	Energy storage system
14	Signal forwarding customer service platform for the Patrol Exchange Project

1. IoT Security Control System

(1) Short-term business development plan

- Collaborate and connect with the products offered by third-party vendors, such as smart cloud image analysis companies, oil pollution and electrostatic equipment vendors, etc., and serve as a turnkey solution provider for the common market. Quickly provide multi-purpose products to customers and at the same time resolve the issues with clients who may have to face multiple points of contact for customer service.
- 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.

- 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

- Smart construction site management platform: By 2022, the Company has compiled the pain points of various industries, and selected “construction site management” as the main topic to work with equipment vendors and software developers to develop a patented “Smart Construction Site Management Platform” for internal use. The management platform provides monitoring functions, integrates face recognition, license plate recognition, air quality detection, restricted zone intrusion detection and equipment status monitoring, and incorporates the use of the “project progress management” that is unprecedented in the market. The “war room” of the platform provides a summary of information on abnormal situations at work sites, which effectively helps decision makers quickly view all information. Site supervisors are able to have full knowledge of the personnel and vehicle access to meet the requirements of government labor inspections. Combined with the management services of new buildings and Brightron Technology and Engineering Corporation, the system enables Taiwan Secom to complete the last mile in the “life cycle management” service of buildings.

(2) Long-term business development plans

- The unit will continue to 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 intercom 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, object control (lights, air-conditioning, heating), property management and other subsystems, and achieve community (people, events, objects, energy conservation) 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 social housing and public works construction steadily growing, the Company has actively participated in the construction of various projects.
- In response to the need for (Metaverse) cloud network, many companies have plans to build their own IDC rooms and cloud service providers have built IDC rooms one after another, and we are actively contacting them for collaborative development.
- Add maintenance and repair contracts to increase revenue and improve our maintenance and repair services.

- Deploying energy storage cabinets is a future trend. In the future, we will adopt integrated proposals (gas, monitoring, access control, security, environmental control, emergency rescue) for surrounding environmental monitoring and security solutions as one.

(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 (science park, logistics center, company factory and office).

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 2023, the plan will be expanded to

include temples and primary and secondary schools in communities, and police stations, and revise the rules on the average number of people required for some of the eight main public spaces.

(1-2) Estimated new market share:

Large temples in Taiwan Primary schools Secondary schools Police stations Residential buildings and communities Neighborhood activity centers

(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, and at the same time lessen the load of some personnel through the digital education and training platform.

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).

- In addition to the existing e-commerce business models, we continue to develop innovative sales models and cross-platform collaboration to increase overall traffic.
- Incorporate product recommendations through AI, and the goal is to extend the time customers stay in the website, make product visibility higher and improve the order conversion rate.
- Look for different marketing tools and emerging publicity and conversion modes, so that consumers who are already familiar with information on the Internet and accustomed to filtering information can contact us through channels different from the past. This will increase novelty, reduce the sense of solicitation and improve conversion rate.

(2) Long-term business development plans

- Strengthen collaborative relationships with suppliers to obtain price and cost advantages and stabilize supply.
- Make decisions based on big data analysis, improve the pool of memberships, and automate the AI system.
- Use big data analysis to identify members of different values, cultivate members with different characteristics, develop potential customers through various channels 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 230,000, 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, people's trust in the brand, 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.
- Compared with the mature anti-theft market, global information security management has become another security issue of concern to company operations. In order to strengthen protection, Taiwan Secom and Chunghwa Telecom have jointly established an information security company to incorporate information security protection into the security control system, which greatly reduces the users' concern with data or images being hacked and facilitates marketing to earn clients' trust.
- 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. Due to factors such as the aging of the population, the increasing number of the elderly living alone and frequent accidents, 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, the comfort and convenience brought by automation and disaster warnings.
- Since the entrances of community buildings usually have access control, and the stakeholder interests (such as members of the management committee, third-party building management companies involved, etc.) can be complicated, it is difficult for the front-line staff to develop sales with the residents or the management committee. In order to resolve this issue, we use our internal reporting measures to know key contacts and dispatch personnel to provide long-term services to communities to further cultivate the market with a prudent approach and gain people's trust.
- 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 SI 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 and companies' headquarters, 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.
- Improve early warning of fire prevention system, and incorporate Taiwan Secom's AI early warning and response connection into the establishment of traditional fire protection systems to add the value of early warning services and formulate preventive measures.

(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.
- Due to the instability caused by the pandemic and global situations, the problems we are facing are mostly related to "excessive price fluctuations, difficult cost control" and "continuous rise in raw materials prices", followed by a shortage in manpower recruited and contract labor.

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 2023, 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. POS Store Management 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. As of the beginning of 2023, the shipments from the OEMs have gradually stabilized. 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 Supply Status of Main Raw Materials

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

5-2-5 Customers accounting for 10%or more of the company's total procurement amount in the two most recent fiscal year:None.

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

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

Unit: NT\$ thousand

Items \ Year	2022				2021			
	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	-	6,846,350	-	-	-	6,767,455	-	-
Income from static guard service	-	2,342,017	-	-	-	2,326,606	-	-
Income from cash-in-transit service	-	1,212,755	-	-	-	1,163,160	-	-
Income from logistics service	-	995,939	-	-	-	1,106,245	-	-
Other operating Income	-	3,960,384	-	-	-	2,771,431	-	-
Total	-	15,357,445	-	-	-	14,134,897	-	-

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

Year		2021	2022	As of March 31, 2023
Number of employees	Salespersons	495	523	514
	Service Engineers	4,524	4,441	4,401
	Manager	316	344	350
	Technicians	851	883	885
	R&D Engineers	80	80	78
	Others	2,772	2,666	2,809
	Total	9,038	8,937	9,037
Average age		41.65	41.65	42.25
Average year of service		6.70	6.70	6.24
Academic qualification degree distribution%	Ph.D.	0.00	0.42	0.33
	Master's	8.22	7.02	7.29
	Bachelor's	55.84	59.45	58.76
	High School	31.70	26.85	27.35
	Lower Schools	4.87	6.26	6.27

* 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 (2022), the Company donated a total of NT\$13,128 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
2022	180	314	208	66.24%

2. Employee welfare committee:

- (1) Gifts/vouchers for birthday and three national festival holidays: 9,396 people, for a total of NT\$9,817,745.
- (2) Subsidies for wedding, childbirth, hospitalization, funeral and retirement: 217 people, for a total of NT\$3,134,909.
- (3) Group medical insurance: 385 people filed claims, for a total of NT\$8,984,220.
- (4) Scholarship and stipends for employees and their children: 1,084 people, for a total of NT\$1,766,000.
- (5) Subsidies for social activities: 1 person for a total of NT\$20,000.

5-5-2 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. The total amount of pension paid to 37 retired employees under the old pension system is NT\$96,650,106 for the year. In 2021 and 2022, the expenses recognized for the defined-contribution plan were NT\$220,821 thousand and NT\$238,505 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	<p>Employer: Allocate monthly an amount equal to 6% of employees' monthly salaries and wages to employees' personal 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 Company applies the following rules in accordance with the Labor Standards Act:

[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, subparagraph 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, subparagraph 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 (23 people) and indigenous (35 people) employees in accordance with the law, and implemented measures such as pregnancy checkup leave, maternity leave, paternity leave, family care leave, and parental leave without pay in accordance with relevant laws and regulations. The headquarters, branches and subsidiaries have nursing rooms that value privacy and security. 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 of 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
2020	1038	3114
2021	876	2628
2022	1175	3225

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
2020	0	624	42,500
2021	0	2121	61,000
2022	0	1116	33,000

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
2022	Traffic accidents	Falling objects	Other injuries	Total
During performance of duties	6	1	7	14
During commute	15	0	0	15
Total	21	1	7	29

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 handling material information, and personal information protection and management measures, which also incorporated performance management system to establish a clear reward and punishment system.

6. The Company completed the relevant certification requirements for human resources management in compliance with the sustainable business report, 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 is an independent unit directly under the Vice Chairman's Office. The purpose is to timely respond to the transformation of the Group and support manpower. The training organizations have instructors in the Educational Affairs Section, Business Section and Service Section. They are responsible for developing courses for application products and services, planning and design of educational materials, review and revision of occupational assessment, sales techniques and other basic functional development courses, training and review of management associates and other relevant training. The training courses are divided into regional and centralized courses based on their scale.
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 March 1st. As the pandemic situation cooled down, small-class teaching in some areas has been resumed since July 1st. 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 price hikes in many goods amid the pandemic, we have offered value creation courses, which use My Vita+ and AIoT products (such as electronic locks, IPCam, cloud intercom, etc.) to develop and care for customers. The course contents cover ice breaking, questioning and product introduction, handling customer disputes, and practical telephone marketing techniques and conversation on the use of My Vita+ product applications to help employees learn new development methods to increase opportunities and improve contract acquisition rate.
11. Offer practical training courses on the Government Procurement Act to reinforce employees' skills in handling tendering. A total of 12 units, including the Business Planning Office, Sales Department, Customer Service Department, managerial officers of branches and affiliates, participated in the courses, so that the tendering projects can proceed smoothly to create profits for the Company.
12. Introduced online audio-visual learning courses, including 4 column articles from the Managerial Officer Today magazine, covering topics of communication, stress relief, sales skills and motivation methods; 24 digital courses from Dada Master Academy; more than 300 online books and 5 authorized videos of books, with topics covering sales, communication psychology, project management, marketing and advertising, etc. The purpose is to help employees develop ability to learn and innovate continuously, further improving the Company's competitive advantages for sustainable operation.
13. We continue to optimize the platform of “Secom Elite School”
<http://school.secom.com.tw/>
14. 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:

(I) Information security risk management

1. Purpose and scope of information security:

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

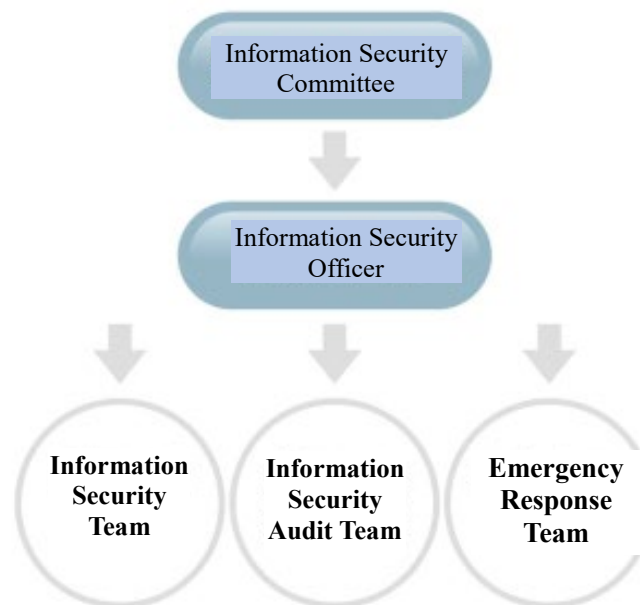
B. Scope: To ensure the Company's information security, establish relevant rules and regulations and security standards for application technologies and data incorporated into the management and operation system to further protect the

privacy and information security maintenance of employees, suppliers and clients during business contacts.

2. Information security risk framework:

- A. 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.
- B. The task force is responsible for establishing information security management policies, and reviewing them for revision at least once a year.
- C. The task force holds regular meetings to review the implementation, and reports the status to the Board of Directors on a regular basis every year for further review.

Information Security Management



3. Information security policies and goals:

- A. Ensure that the Company's business operations continue to run, and the information services provided can be used in a stable manner.
- B. Ensure the confidentiality, integrity and availability of the information assets held by the Company, and protect the privacy of customer data.
- C. 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:

- A. Establish a regular inventory list of information assets, conduct risk management according to information security risk assessment, and implement various control measures.
- B. 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.
- C. 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.

- D. Appropriate backup or monitoring measures should be established for important information systems or equipment, and drills should be run regularly to maintain their availability.
- E. 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.
- F. The account number, password and authorization of coworkers should be kept and used properly, and the password should be changed regularly.
- G. Develop standard response and reporting procedures for information security incidents to properly handle such incidents in a timely manner to prevent damage from spreading.
- H. 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.
- I. Considering the risk and uncertainty of information security, we have purchased information security insurance policies in 2022 (the year of evaluation).
- J. We have introduced the ISO27001 information management system and obtained the ISO27001 certification. The current certificate is valid from January 3, 2022 to January 3, 2025.
- K. 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.

(II) Information security policies

1. Purpose:

- A. Ensure the confidentiality, integrity and availability of the information assets belonging to Taiwan Secom (hereinafter referred to as “the Company”), and comply with the requirements of relevant laws and regulations, so as to protect them from internal and external intentional or accidental threats, and take into account relevant laws and regulations and the Company's business needs to formulate information security policies.

2. Scope:

- A. The policies are applicable to the Company's internal personnel, outsourced service providers and visitors.
- B. The scope of information security management covers 14 areas, and they prevent improper use, leak, tampering or destruction of data caused by human error, deliberate events or natural disasters from causing various possible risks or harms to the Company. The areas are described as follows:
 - (1) Information security policy.
 - (2) Information security organization.
 - (3) Human resources safety.
 - (4) Asset management.
 - (5) Access control
 - (6) Cryptography.

- (7) Physical and environmental security.
- (8) Operational security.
- (9) Telecommunication security.
- (10) System acquisition, development and maintenance
- (11) Supplier relationship.
- (12) Information security incident management.
- (13) Information security aspects of business continuity management.
- (14) Compliance.

3. Objectives:

- A. Ensure the confidentiality (C), integrity (I) and availability (A) of the information assets held by the Company, and protect the privacy of customer data. The following goals are achieved through the joint efforts of everyone in the Company:
 - (1) Protect the security of the Company's business services and ensure that information can only be accessed by authorized personnel to ensure its confidentiality.
 - (2) Protect the security of the Company's business services, and prevent unauthorized modification to ensure their correctness and completeness.
 - (3) Establish the Company's information security business continuity plan to ensure the continuous operation of the business services.
 - (4) The information services for various businesses must comply with the requirements of relevant government laws or regulations.

4. Information security management responsibilities:

- A. The Company should establish an information security organization to coordinate the promotion of information security matters.
- B. The Management should actively participate in information security management activities and provide support for the information security management system.
- C. All internal personnel, outsourced service providers and visitors should abide by the policy.
- D. All personnel of the Company and outsourced service providers are responsible for reporting information security incidents or vulnerabilities through appropriate reporting practices.
- E. Behaviors that endanger information security are investigated for civil, criminal and administrative responsibilities or punished in accordance with the relevant regulations of the Company, depending on the seriousness of the circumstances.

5. Information security management indicators:

- A. In order to achieve the goal of information security management, we have specified the following information security management indicators:
 - (1) The information security policy should be reviewed regularly to ensure the implementation of the information security management system.
 - (2) The duties of information security personnel should be reviewed regularly to ensure the promotion of information security tasks.
 - (3) Provide appropriate information security-related training according to the duties and responsibilities of employees, at least 3 hours of classes per year.
 - (4) Strengthen internal control to prevent unauthorized access to ensure that information assets are properly protected.
 - (5) Appropriate protection measures and authority control practices should be adopted to ensure the environmental security of information processing facilities.
 - (6) Ensure that the information will not be disclosed to unauthorized third parties

through the transmission process or unintentional behaviors.

- (7) Ensure that all information security incidents or suspicious security vulnerabilities are escalated in accordance with the appropriate notification measures, and properly investigated and dealt with.
- (8) Projects implemented by the Company should have appropriate information security protection measures to ensure that relevant information is properly protected.

6. Review and implementation of information security policy:

A. Timing of review:

- (1) The policy should be evaluated at least once a year and revised as necessary in accordance with the information security requirements of the competent authorities and laws and changes in technology and business, so as to ensure the feasibility and effectiveness of information security practices.
- (2) When organization or business undergo major changes or experience major information security incidents, and there are newly discovered major information security threats and vulnerabilities and ISMS requirements that need changes, this policy will need to be re-examined.

B. Policy implementation:

- (1) The policy is to be implemented after being reviewed by the Information Security Committee and approved by the Head of Chief Executive Officer, and likewise for revisions. This policy shall be sent in writing, by email or other means to employees, public and private institutions and vendors providing information services in connection with the Company.

7. Specific management solutions:

A. Strict protection of customer privacy:

Taiwan Secom is customers' most trustworthy partner. Under the Private Security Service Act, all Taiwan Secom's services prioritize customers' life and property safety and fulfill customers' request by conducting duty of care of good administrators and providing reassuring and trustworthy daily life services to build customer relationships. Customers' messages, data, special needs and entrusted matters are considered the Company's important assets.

In order to ensure the security of customer data and privacy, Taiwan Secom adopts authorization control for customer data security maintenance, and restricts the use of resources on the various information platforms by employees based on their units and duties, and users' authorization on each hardware equipment is controlled by the Active Directory (AD). Since 2012, the customer data file conversion (transfer) functions on all system platforms have been cancelled, and fully digitized to reduce the risk of improper data transmission.

Regarding the limited use of privacy data, taking service operations as an example, Taiwan Secom has developed a mobile App platform (AMS Mobile Dispatch System) and established multiple control measures. All front-line security personnel must load and install the program on their smartphones, so that the control center can fully monitor the movements and coordinate dispatch immediately.

B. AMS mobile dispatch system protecting data control point:

- (1) Those who have not logged in and authenticated for work have no clearance to enter.
- (2) No downloading of any data is allowed outside the internal network.
- (3) When a situation occurs, security personnel can only access the details once

the control center issues the customer's security number, and the file is automatically deleted when the situation is cleared.

(4) If an employee is transferred or resigns, the system will automatically stop the authorization.

- C. Taiwan Secom strictly protects customer privacy data from possible harms through a multi-layer management and control practice. Currently, there are no complaints about infringement of customer privacy rights or loss of customer data.



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
t +44 (0)151 350-6666 f +44 (0)151 350-6600 www.sgs.com

21HC 27001 2013 0421 M2

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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.



0005

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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

This certificate relates to the information security management system, and not to the products or services of the certified organisation. The certificate reference number, the mark of the certification body and/or the accreditation mark may not be shown on products or stated in documents regarding products or services. Promotion material, advertisements or other documents showing or referring to this certificate, the trademark of the certification body, or the accreditation mark, must comply with the intention of the certificate. The certificate does not of itself confer immunity on the certified organisation from legal obligations.

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A Member of the BSI Group of Companies.



Certificate of Registration

INFORMATION SECURITY MANAGEMENT SYSTEM - ISO/IEC 27001:2013

This is to certify that: **SIGMU D.P.T. COMPANY LTD.**
6F.
No. 139, Zhengzhou Rd.
Datong Dist.
Taipei City
103612
Taiwan

Holds Certificate No: **IS 698788**

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

The provision of development, operation and maintenance of system, management of server room, and related supporting activities within Information Technology & Project Management Department.
This is in accordance with the Statement of Applicability, IS-L3-003-F04, version 1.1 dated 6 November 2020.

For and on behalf of BSI:


Chris Cheung, Head of Compliance & Risk - Asia Pacific

Original Registration Date: 2021-01-31
Latest Revision Date: 2021-01-31

Effective Date: 2021-01-31
Expiry Date: 2024-01-30

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Taiwan Headquarters: 2nd Floor, No.37, Ji-Hu Rd., Nei-Hu Dist., Taipei 114, Taiwan, R.O.C.
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Certificate No: **IS 698788**

Location

SIGMU D.P.T. COMPANY LTD.
6F.
No. 139, Zhengzhou Rd.
Datong Dist.
Taipei City
103612
Taiwan

Registered Activities

The provision of development, operation and maintenance of system, management of server room, and related supporting activities within Information Technology & Project Management Department.



Original Registration Date: 2021-01-31

Latest Revision Date: 2021-01-31

Effective Date: 2021-01-31

Expiry Date: 2024-01-30

Page: 2 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.

Subsidiary Aion Technologies Inc. - ISO27001 Information security certification

Certificate TW22/00000523

The management system of

Aion Technologies Inc.

12F., No.139, Zhengzhou Road, Datong Dist., Taipei 103, Taiwan, R.O.C.

has been assessed and certified as meeting the requirements of
ISO/IEC 27001:2013

For the following activities

According to the Applicability Statement of Version 2.0, it provides the Electronic Invoice Value-added Service Center System maintained and operated by the Cloud Innovation Department, and the information security management and maintenance of related computer rooms, network services and supporting information equipment.

This certificate is valid from 27 June 2022 until 27 June 2025 and remains valid subject to satisfactory surveillance audits.
Issue 1. Certified since 27 June 2022.

Authorised by



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Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK
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5-7 Important contracts

Contract nature	The party	Commence ment 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 auditors' auditing recommendations for the past five years

6-1-1 Consolidated statements

1. Condensed consolidated balance sheet

Unit: NT\$ thousand

Items \ Year		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Current assets		7,766,130	8,847,137	8,894,062	8,472,607	9,674,302
Property, plants, and equipment		7,016,933	6,761,760	7,067,044	7,178,382	8,825,335
Intangible assets		430,940	419,227	384,104	362,696	482,078
Other assets		5,674,176	6,470,529	6,824,217	7,599,259	6,921,676
Total assets		20,888,179	22,498,653	23,169,427	23,612,944	25,903,391
Current liabilities	Before distribution	7,480,454	8,570,169	6,717,858	6,908,393	8,870,692
	After distribution	9,285,242	10,374,957	8,973,843	9,164,378	11,126,678
Non-current liabilities		2,606,987	2,744,360	4,752,957	4,685,972	4,503,272
Total liabilities	Before distribution	10,087,441	11,314,529	11,470,815	11,594,365	13,373,964
	After distribution	11,892,229	13,119,317	13,726,800	13,850,350	15,629,950
Equity attributable to owners of parent company		10,319,421	10,739,216	11,239,568	11,608,217	12,041,725
Share capital		4,511,971	4,511,971	4,511,971	4,511,971	4,511,971
Capital surplus	Before distribution	724,912	763,317	813,963	824,811	906,891
	After distribution	724,912	763,317	777,867	824,811	906,891
Retained earnings	Before distribution	5,541,725	5,810,983	6,302,407	6,575,176	6,977,205
	After distribution	3,736,937	4,006,195	4,082,518	4,319,191	4,721,219
Other equities		(170,798)	(58,666)	(100,384)	(15,352)	(91,087)
Treasury stock		(288,389)	(288,389)	(288,389)	(288,389)	(263,255)
Non-controlling interests		481,317	444,908	459,044	410,362	487,702
Total equity	Before distribution	10,800,738	11,184,124	11,698,612	12,018,579	12,529,427
	After distribution	8,995,950	9,379,336	9,442,627	9,762,594	10,273,441

2. Condensed consolidated statement of comprehensive income

Unit: NT\$ thousand

Items \ Year	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	13,393,619	13,411,677	13,706,365	14,134,897	15,357,445
Gross profit	4,907,043	4,892,670	5,009,075	5,034,212	5,073,545
Operating income	2,560,635	2,533,016	2,639,996	2,665,886	2,464,057
Non-operating revenues and expenses	(15,860)	145,802	344,962	419,559	667,136
Net profit before tax	2,544,775	2,678,818	2,984,958	3,085,445	3,131,193
Current period net profit	2,099,135	2,176,779	2,437,228	2,578,885	2,607,950
Other comprehensive income (net, after tax)	(64,144)	53,821	(134,479)	53,245	(790)
Total consolidated income for the period	2,034,991	2,230,600	2,302,749	2,632,130	2,607,160
Net income attributes to shareholders of the Parent	2,046,828	2,136,561	2,388,900	2,526,684	2,578,741
Net profit attributable to non-controlling interests	52,307	40,218	48,328	52,201	29,209
Total comprehensive income attributable to owners of parent company	1,982,060	2,186,178	2,254,494	2,569,297	2,582,280
Comprehensive income attributed to non-controlling interests	52,931	44,422	48,255	62,833	24,880
Earning per share (NT\$)	4.64	4.85	5.42	5.73	5.85

6-1-2 Parent-only statements

1. Condensed parent-only balance sheet

Unit: In addition to earnings per share; thousand New Taiwan Dollars

Year		Financial Summary for The Last Five Years				
		2018	2019	2020	2021	2022
Items						
Current assets		2,408,678	2,323,049	2,375,812	2,515,585	2,870,224
Property, plants, and equipment		5,023,609	4,856,574	4,782,198	4,774,395	5,799,589
Intangible assets		73,197	64,428	69,251	66,855	108,219
Other assets		10,643,723	11,282,251	11,873,444	12,260,383	12,602,552
Total assets		18,149,207	18,526,302	19,100,705	19,617,218	21,380,584
Current liabilities	Before distribution	5,576,402	5,626,375	4,023,461	4,117,638	6,043,897
	After distribution	7,381,190	7,431,163	6,279,446	6,373,623	8,299,883
Non-current liabilities		2,253,384	2,160,711	3,837,676	3,891,363	3,294,962
Total liabilities	Before distribution	7,829,786	7,787,086	7,861,137	8,009,001	9,338,859
	After distribution	9,634,574	9,591,874	10,117,122	10,264,986	11,594,845
Share capital		4,511,971	4,511,971	4,511,971	4,511,971	4,511,971
Capital surplus	Before distribution	724,912	763,317	813,963	824,811	906,891
	After distribution	724,912	763,317	777,867	824,811	906,891
Retained earnings	Before distribution	5,541,725	5,810,983	6,302,407	6,575,176	6,977,205
	After distribution	3,736,937	4,006,195	4,082,518	4,319,191	4,721,219
Other equities		(170,798)	(58,666)	(100,384)	(15,352)	(91,087)
Treasury stock		(288,389)	(288,389)	(288,389)	(288,389)	(263,255)
Total equity	Before distribution	10,319,421	10,739,216	11,239,568	11,608,217	12,041,725
	After distribution	8,514,633	8,934,428	8,983,583	9,352,232	9,785,739

2. Condensed parent-only statement of comprehensive income

Unit: NT\$ thousand

Items \ Year	Financial Summary for The Last Five Years				
	2018	2019	2020	2021	2022
Operating revenue	6,909,346	6,990,449	7,008,878	7,180,031	7,287,460
Gross profit	3,425,157	3,439,876	3,438,149	3,437,213	3,438,842
Operating income	1,570,095	1,587,574	1,620,889	1,564,707	1,432,536
Non-operating revenues and expenses	743,937	847,724	1,093,282	1,231,837	1,443,589
Net profit before tax	2,314,032	2,435,298	2,714,171	2,796,544	2,876,125
Current period net profit	2,046,828	2,136,561	2,388,900	2,526,684	2,578,741
Other comprehensive income (net, after tax)	(64,768)	49,617	(134,406)	42,613	3,539
Total consolidated income for the period	1,982,060	2,186,178	2,254,494	2,569,297	2,582,280
Earning per share (NT\$)	4.64	4.85	5.42	5.73	5.85

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

Year	CPA firm	Name of CPAs	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 Yen-Chun, HSU Hsin-Min	Unqualified opinion.
2022	Ernst & Young, Taiwan	LIU Hui-Yuan, WANG Hsuan-Hsuan (Note)	Unqualified opinion.

Note: CPAs 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		Financial Information for the Most Recent Five Years				
		2018	2019	2020	2021	2022
Financial position (%)	Total liabilities to total assets	48.29	50.29	49.51	49.10	51.63
	Long-term capital to PP&E	191.08	205.99	232.79	232.71	193.00
Debt-paying ability (%)	Current ratio	103.82	103.23	132.39	122.64	109.06
	Quick ratio	92.66	94.07	115.62	105.66	94.18
	Interest protection multiples	70.56	67.43	75.02	63.48	48.27
Operating performance	Receivables turnover ratio (times)	11.12	11.41	11.62	10.94	10.01
	Average collection days	33	32	32	34	37
	Inventory turnover (times)	4.43	4.74	5.08	3.74	5.72
	Accounts payable turnover (times)	9.52	11.04	12.90	12.18	10.17
	Average inventory turnover days	83	78	72	98	64
	Property, plant and equipment turnover (times)	1.88	1.95	1.98	1.98	1.92
	Total Assets Turnover (times)	0.64	0.62	0.60	0.60	0.62
Return on investment analysis	Return on assets (%)	10.19	10.19	10.81	11.19	10.76
	Return on equity (%)	19.66	19.80	21.30	21.75	21.25
	Pre-tax income to paid-in capital (%)	56.40	59.37	66.16	68.38	69.40
	Net income to sale (%)	15.67	16.23	17.78	18.24	16.98
	Earning per share (NT\$)	4.64	4.85	5.42	5.73	5.85
Cash Flow Analysis	Cash flow ratio (%)	37.86	36.23	51.89	47.32	33.58
	Cash flow adequacy ratio (%)	107.13	101.04	104.71	96.51	88.49
	Cash flow reinvestment ratio (%)	4.79	6.01	7.16	4.22	3.00
Leverage	Leverage	1.47	1.57	1.56	1.56	1.61
	Financial leverage	1.01	1.02	1.02	1.02	1.03
Reasons for changes of more than 20% in various financial ratios in the last two years:						
1. The change in “Times interest earned” compared with the previous year was 23.96%. This is mainly due to the increase in interest expenses this year.						
2. The change in “Average inventory turnover” compared with the previous year was 52.94%. This is mainly due to the increase in cost of goods sold for the current year.						
3. The change in “Average inventory turnover days” compared with the previous year was 34.69%. This is mainly due to the increase in inventory turnover.						
4. The change in “Cash flow ratio” compared with the previous year was 29.04%. This is mainly due to the increase in current liabilities this year.						
5. The change in “Cash reinvestment ratio” compared with the previous year was 28.91%. This is mainly due to the decrease in cash generated from operating activities for the year.						

6-2-2 Parent-only financial analysis

Analysis item \ Year		Financial Information for the Most Recent Five Years				
		2018	2019	2020	2021	2022
Financial position (%)	Total liabilities to total assets	43.14	42.03	41.16	40.83	43.68
	Long-term capital to PP&E	250.27	265.62	315.28	324.64	264.44
Debt-paying ability (%)	Current ratio	43.19	41.29	59.05	61.09	47.49
	Quick ratio	35.89	34.33	46.94	45.09	36.61
	Interest protection multiples	86.84	96.35	116.38	88.38	62.24
Operating performance	Receivables turnover ratio (times)	9.21	9.03	8.72	8.28	7.43
	Average collection days	40	40	42	44	49
	Inventory turnover (times)	4.72	4.84	3.58	3.02	2.64
	Accounts payable turnover (times)	6.00	7.21	8.38	7.52	6.23
	Average inventory turnover days	77	75	102	121	138
	Property, plant and equipment turnover (times)	1.35	1.42	1.45	1.50	1.38
	Total Assets Turnover (times)	0.38	0.38	0.37	0.37	0.36
Return on investment analysis	Return on assets (%)	11.52	11.76	12.80	13.18	12.76
	Return on equity (%)	20.03	20.29	21.74	22.12	21.81
	Pre-tax income to paid-in capital (%)	51.29	53.97	60.15	61.98	63.74
	Net income to sale (%)	29.62	30.56	34.08	35.19	35.39
	Earning per share (NT\$)	4.64	4.85	5.42	5.73	5.85
Cash Flow Analysis	Cash flow ratio (%)	40.46	36.06	54.17	49.77	35.66
	Cash flow adequacy ratio (%)	71.82	71.75	77.08	75.69	70.68
	Cash flow reinvestment ratio (%)	2.45	1.20	1.80	(0.97)	(0.45)
Leverage	Leverage	1.60	1.66	1.66	1.68	1.75
	Financial leverage	1.02	1.02	1.01	1.02	1.03
Reasons for changes of more than 20% in various financial ratios in the last two years:						
1. The change in "Current ratio" compared with the previous year was 22.26%. This is mainly due to the increase in current liabilities for the year.						
2. The change in "Times interest earned" compared with the previous year was 29.58%. This is mainly due to the increase in interest expenses this year.						
3. The change in "Cash flow ratio" compared with the previous year was 28.35%. This is mainly due to the increase in current liabilities this year.						
4. The change in "Cash reinvestment ratio" compared with the previous year was 53.61%. This is mainly due to the increase in property, plant and equipment this year.						

Note: Formulas are shown as follows:

1. Financial structure

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

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

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets – inventories – pre-paid expenses) / Current liabilities

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

3. Operating performance

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

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

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

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

- (5) Average inventory turnover days = $365 / \text{Inventory turnover}$
- (6) Property, plant and equipment turnover = $\text{Net sales} / \text{Net average property, plant and equipment}$.
- (7) Total asset turnover = $\text{Net sales} / \text{Average total asset}$
- 4. Profitability analysis
 - (1) $\text{ROA} = [\text{PAT} + \text{Interest expense} \times (1 - \text{Interest rate})] / \text{Average total assets}$
 - (2) $\text{ROE} = \text{PAT} / \text{Average net equity}$.
 - (3) Net profit margin = $\text{PAT} / \text{Net sales}$.
 - (4) Earnings Per Share = $(\text{Income attributable to owners of the parent company} - \text{Preferred shares dividends}) / \text{Weighted average number of shares issued}$
- 5. Cash flow
 - (1) Cash flow ratio = $\text{Net cash flow from operating activities} / \text{Current liabilities}$.
 - (2) Cash flow adequacy ratio = $\text{Most recent 5-year cash flow from operating activities} / \text{Most recent 5-year (Capital expenditure} + \text{Increase of inventory} + \text{Cash dividend})$.
 - (3) Cash investment ratio = $(\text{Cash flow from operating activities} - \text{cash dividend}) / (\text{Gross fixed assets} + \text{Long-term investment} + \text{Other assets} + \text{Working capital})$.
- 6. Leverage:
 - (1) Operating leverage = $(\text{Net revenue} - \text{Variable cost of goods sold and operating expense}) / \text{Operating income}$
 - (2) Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{Interest expenses})$

Audit Committee's Report on Financial Statements

The Board of Directors has prepared the Company's 2022 business report, financial statements (including parent-only and consolidated), and proposal for the distribution of earning. Ernst & Young Taiwan was engaged to audit the Company's Financial Statements and has issued an audit opinion. The aforementioned business report, financial statements, and proposal for the distribution of earning have been reviewed and determined to be correct and accurate by the Audit Committee in accordance with relative regulations of the Securities and Exchange Act and Company Act, we have by submit this report.

Taiwan Secom Co., Ltd.

Chairman of the Audit Committee:

CHEN Tien-Wen (signature)

March 14, 2023

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

Representation Letter

The entities included in the consolidated financial statements as of December 31, 2022 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 statements than the Consolidated Financial Statements.

Very truly yours,

Taiwan Secom Co., Ltd.

Chairman: Lin Hsiao-Hsin

March 14 , 2023

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, 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and their consolidated financial performance and cash flows for the years ended December 31, 2022 and 2021, 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 Standards on Auditing of 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 2022 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\$15,357,445 thousand for the year ended December 31, 2022, 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 Standards on Auditing of 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 Standards on Auditing of 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 2022 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 on the parent company only financial statements of the Company as of and for the years ended December 31, 2022 and 2021.

Liu, Hui-Yuan

Wang, Hsuan-Hsuan

Ernst & Young, Taiwan

March 14, 2023

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 Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and December 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	\$5,153,467	20	\$4,665,344	20
Financial assets at fair value through profit or loss, current	4, 5 and 6	64,472	-	1,020	-
Financial assets at fair value through other comprehensive income, current	4, 5 and 6	269,473	1	267,133	1
Financial assets measured at amortized cost, current	4, 6 and 8	257,783	1	352,269	2
Contract assets, current	4 and 6	456,121	2	327,088	1
Notes receivable, net	4, 5 and 6	190,244	1	182,628	1
Accounts receivable, net	4, 5 and 6	1,222,555	5	873,644	4
Accounts receivable from related parties, net	4, 6 and 7	261,564	1	258,183	1
Operating lease receivables	4, 5 and 6	26,819	-	86,766	-
Finance lease receivables	4, 5 and 6	81,465	-	69,685	-
Inventories, net	4 and 6	564,068	2	540,406	2
Prepayments		755,425	3	632,546	3
Other current assets		370,846	1	220,343	1
Total current assets		9,674,302	37	8,477,055	36
Non-current assets					
Financial assets at fair value through profit or loss, non-current	4, 5 and 6	186,360	1	102,190	-
Financial assets at fair value through other comprehensive income, non-current	4, 5 and 6	173,375	1	207,080	1
Financial assets measured at amortized cost, non-current	4, 6 and 8	132,075	1	147,263	1
Investments accounted for using the equity method	4, 5 and 6	4,230,179	16	4,112,111	17
Property, plant and equipment	4, 6, 7 and 8	8,825,335	34	7,178,382	30
Right-of-use assets	4, 6 and 7	881,801	3	644,652	3
Investment property	4, 5, 6 and 8	23,661	-	38,758	-
Intangible assets	4 and 6	482,078	2	362,696	2
Deferred tax assets	4, 5 and 6	411,752	2	420,305	2
Prepayment for equipment		300,354	1	1,237,226	5
Refundable deposits	7	335,863	1	350,770	1
Long-term receivables	5 and 6	49,940	-	54,276	-
Long-term lease receivables	4, 5 and 6	143,621	1	181,414	1
Other assets, non-current		52,695	-	38,766	1
Total non-current assets		16,229,089	63	15,075,889	64
Total assets		\$25,903,391	100	\$23,552,944	100

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

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2022 and December 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	4, 6 and 8	\$830,000	3	\$500,000	2
Short-term bills payable	6	30,000	-	50,000	-
Contract liabilities, current	4 and 6	1,427,258	6	1,301,963	5
Notes payable		353,222	1	175,710	1
Accounts payable		805,122	3	636,401	3
Accounts payable to related parties	7	26,057	-	26,355	-
Other payables	6	2,327,855	9	2,370,494	10
Current tax liabilities	4, 5 and 6	265,088	1	264,729	1
Provisions, current	4 and 6	988	-	224	-
Lease liabilities	6	296,586	1	231,523	1
Lease liabilities to related parties	6 and 7	15,308	-	17,268	-
Current portion of long-term loans	4, 6 and 8	2,360,500	9	1,149,793	5
Other current liabilities	4, 6 and 7	132,708	1	123,933	1
Total current liabilities		8,870,692	34	6,848,393	29
Non-current liabilities					
Contract Liabilities, non-current	6	15,319	-	18,901	-
Long-term loans	4, 6 and 8	1,792,339	7	2,036,168	9
Provisions, non-current	4 and 6	117,102	-	7,200	-
Lease liabilities	6	553,729	2	371,605	1
Lease liabilities to related parties	6 and 7	10,287	-	23,184	-
Long-term payables		10,586	-	15,860	-
Net defined benefit liabilities, non-current	4, 5 and 6	1,372,487	6	1,564,993	7
Guarantee deposits	6	631,423	3	648,061	3
Total non-current liabilities		4,503,272	18	4,685,972	20
Total liabilities		13,373,964	52	11,534,365	49
Equity attributable to the parent					
Capital					
Common stock	6	4,511,971	17	4,511,971	19
Capital surplus	6	906,891	3	824,811	3
Retained earnings	6				
Legal reserve		4,220,058	16	3,970,792	17
Special reserve		15,352	-	100,384	-
Unappropriated earnings		2,741,795	11	2,504,000	11
Other components of equity	4 and 6	(91,087)	-	(15,352)	-
Treasury stock	4 and 6	(263,255)	(1)	(288,389)	(1)
Non-controlling interests	6	487,702	2	410,362	2
Total equity		12,529,427	48	12,018,579	51
Total liabilities and equity		\$25,903,391	100	\$23,552,944	100

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, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2022		2021	
		Amount	%	Amount	%
Operating revenue	4 and 7	\$15,396,020	100	\$14,189,161	100
Less : Sales returns and allowances		(38,575)	-	(54,264)	-
Net revenue	6	15,357,445	100	14,134,897	100
Operating costs	6 and 7	(10,283,900)	(67)	(9,100,685)	(64)
Gross profit		5,073,545	33	5,034,212	36
Operating expenses	6 and 7				
Sales and marketing expenses		(869,303)	(6)	(805,649)	(6)
General and administrative expenses		(1,605,860)	(10)	(1,445,429)	(10)
Research and development expenses		(123,194)	(1)	(112,028)	(1)
Expected credit losses		(11,131)	-	(5,220)	-
Subtotal		(2,609,488)	(17)	(2,368,326)	(17)
Operating income		2,464,057	16	2,665,886	19
Non-operating income and loss					
Interest income	6	13,395		10,022	-
Other income	6	25,966	-	52,295	-
Other gains and losses	5 and 6	32,245	-	(37,631)	-
Finance costs	6	(66,244)	-	(49,384)	-
Share of profit or loss of associates accounted for using the equity method		661,774	4	444,257	3
Subtotal		667,136	4	419,559	3
Income before income tax		3,131,193	20	3,085,445	22
Income tax expenses	4, 5 and 6	(523,243)	(3)	(506,560)	(4)
Net income		2,607,950	17	2,578,885	18
Other comprehensive income	6				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans		61,477	-	(34,100)	-
Unrealized (losses) gains on financial assets at fair value through other comprehensive income		(43,785)	-	68,412	1
Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss		(49,775)	-	21,562	-
Income tax related to items that will not be reclassified		(11,266)	-	3,981	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		1,303	-	5,379	-
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss		41,256	-	(11,989)	-
Total other comprehensive (loss) income, net of tax		(790)	-	53,245	1
Total comprehensive income		\$2,607,160	17	\$2,632,130	19
Net income attributable to:					
Shareholders of the parent		\$2,578,741		\$2,526,684	
Non-controlling interests	6	29,209		52,201	
Comprehensive income attributable to:					
Shareholders of the parent		\$2,582,280		\$2,569,297	
Non-controlling interests	6	24,880		62,833	
Earnings per share (NT\$)	6				
Basic earnings per share		\$5.85		\$5.73	
Diluted earnings per share	6	\$5.84		\$5.73	

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

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(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, 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 (loss) 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 using 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
Balance as of January 1, 2022	\$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
Appropriations and distributions of 2021 unappropriated earnings											
Legal reserve	-	-	249,266	-	(249,266)	-	-	-	-	-	-
Special reserve	-	-	-	(85,032)	85,032	-	-	-	-	-	-
Cash dividends	-	-	-	-	(2,255,986)	-	-	-	(2,255,986)	-	(2,255,986)
Other changes in capital reserve											
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	5,020	-	-	-	-	-	-	5,020	17	5,037
Net income in 2022	-	-	-	-	2,578,741	-	-	-	2,578,741	29,209	2,607,950
Other comprehensive (loss) income, net of tax in 2022	-	-	-	-	50,271	41,253	(87,985)	-	3,539	(4,329)	(790)
Total comprehensive (loss) income	-	-	-	-	2,629,012	41,253	(87,985)	-	2,582,280	24,880	2,607,160
Acquisition of company's share by subsidiaries recognized as treasury stock	-	-	-	-	-	-	-	(5,824)	(5,824)	-	(5,824)
Disposal of company's share by subsidiaries recognized as treasury stock transaction	-	28,054	-	-	-	-	-	30,958	59,012	-	59,012
Parent company's cash dividends received by subsidiaries	-	49,006	-	-	-	-	-	-	49,006	-	49,006
Disposal of equity instrument at fair value through other comprehensive income by subsidiaries	-	-	-	-	28,900	-	(28,900)	-	-	-	-
Disposal of equity instrument at fair value through other comprehensive income of interests in subsidiaries	-	-	-	-	103	-	(103)	-	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	(40,053)	(40,053)
	-	-	-	-	-	-	-	-	-	92,496	92,496
Balance as of December 31, 2022	\$4,511,971	\$906,891	\$4,220,058	\$15,352	\$2,741,795	\$(61,108)	\$(29,979)	\$(263,255)	\$12,041,725	\$487,702	\$12,529,427

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

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Description	2022	2021
Cash flows from operating activities:		
Profit before tax from continuing operations	\$3,131,193	\$3,085,445
Income before tax	3,131,193	3,085,445
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	1,443,511	1,425,494
Amortization	69,665	61,731
Expected credit losses	11,131	5,220
(Gain) loss of financial assets at fair value through profit or loss	(17)	88
Interest expense	66,244	49,384
Interest income	(13,395)	(10,022)
Dividend income	(15,671)	(9,456)
Share of profit or loss of associates accounted for using the equity method	(661,774)	(444,257)
Loss on disposal of property, plant and equipment	28,676	6,327
Loss on disposal of intangible assets	-	193
Gain on disposal of investment property	(14,518)	-
Gain on disposal of investments	(52,041)	(38,718)
Impairment loss	45,000	22,330
(Gain) loss on lease modification	(618)	541
Changes in operating assets and liabilities:		
Contract assets	(127,994)	(206,772)
Notes receivable, net	(7,524)	41,417
Accounts receivable, net	(219,894)	(55,222)
Accounts receivable from related parties, net	4,342	(108,486)
Inventories, net	(232,256)	(268,041)
Prepayments	(123,355)	25,423
Other current assets	(148,390)	(30,216)
Operating lease receivables	59,947	(34,605)
Finance lease receivables	26,013	(32,758)
Long-term receivables	4,077	(13,735)
Contract liabilities	121,713	7,380
Notes payable	171,119	(13,965)
Accounts payable	39,824	170,199
Accounts payable to related parties	3,160	13,061
Other payables	(74,859)	184,792
Other current liabilities	19,987	72,466
Provisions	110,667	-
Net defined benefit liabilities, non-current	(125,303)	(90,366)
Cash generated from operations	3,538,660	3,814,872
Interest received	13,956	10,974
Interest paid	(55,743)	(39,343)
Income tax paid	(518,402)	(517,221)
Net cash provided by operating activities	2,978,471	3,269,282
Cash flows from investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(28,117)	(64,431)
Proceeds from disposal of financial assets at fair value through other comprehensive income	46,345	22,167
Capital deducted by cash of financial assets at fair value through other comprehensive income	5,285	7,727
Acquisition of financial assets measured at amortized cost	(833,595)	(1,438,174)
Proceeds from disposal of financial assets measured at amortized cost	944,240	1,402,054
Acquisition of financial assets at fair value through profit or loss	(150,105)	(42,138)
Proceeds from disposal of financial assets at fair value through profit or loss	2,500	-
Acquisition of investments accounted for using the equity method	(16,139)	(370,665)
Proceeds from disposal of investments accounted for using the equity method	239,311	52,608
Acquisition of a subsidiary (deduct the cash from acquisition)	(488,903)	-
Acquisition of property, plant and equipment	(1,222,780)	(1,105,418)
Proceeds from disposal of property, plant and equipment	26,764	34,386
Decrease in refundable deposits	16,267	20,344
Acquisition of intangible assets	(110,202)	(62,606)
Proceeds from disposal of investment property	29,210	-
Increase in prepayment for equipment	(54,558)	(215,043)
(Increase) decrease in other assets	(9,006)	105,611
Dividends received	363,243	295,319
Net cash used in investing activities	(1,240,240)	(1,358,259)
Cash flows from financing activities:		
Increase (decrease) in short-term loans	311,000	(1,100,000)
Decrease in short-term bills payable	(70,000)	(100,000)
Increase in long-term loans	1,608,500	1,400,000
Decrease in long-term loans	(641,622)	(230,039)
Decrease in guarantee deposits	(16,638)	(12,043)
Cash payments for the principal portion of lease liability	(346,703)	(345,217)
Cash dividends paid	(2,255,986)	(2,255,986)
Changes in non-controlling interests	39,870	(112,194)
Sale of treasury stock	121,471	-
Net cash used in financing activities	(1,250,108)	(2,755,479)
Effect of exchange rate changes on cash and cash equivalents	-	-
Net increase (decrease) in cash and cash equivalents	488,123	(844,456)
Cash and cash equivalents at the beginning of the year	4,665,344	5,509,800
Cash and cash equivalents at the end of the year	\$5,153,467	\$4,665,344

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, 2022 AND 2021

(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, 2022 and 2021 were authorized for issue by the Board of Directors on March 14, 2023.

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, 2022. The 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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) 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.

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

The amendments introduce the definition of accounting estimates and include 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.

(c) 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 were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. 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 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

(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) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

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. The new or amended standards and interpretations have no material impact on the Company.

4. Summary of Significant Accounting Policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2022 and 2021 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, 2022	December 31, 2021
The Company	Speed Investment Co., Ltd.	Investment holding	100.00%	100.00%
The Company	Goyun Security Co., Ltd.	Security guarding 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 (Note 1)	87.42%	73.75%
The Company	Golden Harvest Food Enterprise Ltd.	Food processing and manufacturing (Note 2)	97.84%	-
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%
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%

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%)	
			December 31, 2022	December 31, 2021
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 media and movie distribution (Note 1)	89.52%	89.52%
The Company and Gowin Building Management and Maintenance Co., Ltd.	KuoHsing Security Co., Ltd.	Security guarding services	85.22%	85.22%
The Company and Speed Investment Co., Ltd.	Taiwan Secom Insurance Brokerage Services Inc.	Insurance broker	100.00%	100.00%
The Company, Speed Investment Co., Ltd. Aion Technologies Inc. and Titan Star International Co., Ltd.	Brightron Technology and Engineering Corporation	Light controlling system services	96.12%	96.12%
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.	Jiansheng International Co., Ltd.	Retail of medical equipment	100.00%	100.00%
Speed Investment Co., Ltd.	Sunseap Solutions Taiwan Limited	Energy-saving solutions technology	51.00%	51.00%
Speed Investment Co., Ltd.	Baohwa Trust Co., Ltd.	Information security services (Note 3)	60.00%	-
Speed Investment Co., Ltd.	MyStory Entertainment Co., Ltd.	Video content development and investment (Note 4)	51.00%	-
Speed Investment Co., Ltd. and Goyun Security Co., Ltd.	Ching-Dian Tech Co., Ltd.	POS system for retail	100.00%	100.00%
Speed Investment Co., Ltd. and Aion Technologies Inc.	Epic Tech Taiwan Inc.	Information Management Platform (Note 5)	98.57%	97.50%
Speed Investment Co., Ltd. and TransAsia Catering Services Ltd.	Livingplus Food and Beverage Co. Ltd.	Catering services (Note 6)	100.00%	100.00%
Goldsun Express & Logistics Co., Ltd.	Goldsun Express Ltd.	The custom broker services	100.00%	100.00%
KuoHsing Security Co., Ltd.	KuoHsing Rental Co., Ltd.	Mini-Storage rental services	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	100.00%	100.00%
Brightron Technology and Engineering Corporation	SIGMU D.P.T. Company Ltd.	Wholesale and installation of fire safety equipment	100.00%	100.00%
Brightron Technology and Engineering Corporation	Comlink Fire Systems Inc.	Wholesale of fire safety equipment	100.00%	100.00%
Golden Harvest Food Enterprise Ltd.	Tai-Shun Shi Ye Co., Ltd.	Garment industry (Note 2)	100.00%	-
LeeBao Security Co., Ltd. and LeeBao Technology Co., Ltd.	Baohong Technology Co., Ltd.	Network authentication service (Note 7)	70.00%	-

Note 1: Taiwan Secom Co., Ltd. acquired 715,296 shares and 1,647,249 shares of Aion Technologies Inc. from its non-controlling interest shareholders for NT\$11,774

thousand and NT\$27,114 thousand in May and June 2022, respectively, the Group's shareholding of Aion Technologies Inc. increased to 87.42%.

Note 2: Taiwan Secom Co., Ltd. acquired 12,010,227 shares, 97.84% of ownership percentage, of Golden Harvest Food Enterprise Ltd. for NT\$520,874 thousand in January 2022 and made Golden Harvest Food Enterprise Ltd. and its subsidiary—Tai-Shun Shi Ye Co., Ltd. compiled into consolidated statement.

Note 3: Speed Investment Co., Ltd. invested Baohwa Trust Co., Ltd. NT\$30,000 thousand in March 2022. The percentage of ownership was 60%.

Note 4: Speed Investment Co., Ltd. invested MyStory Entertainment Co., Ltd. NT\$102,000 thousand in March 2022. The percentage of ownership was 97.14%. After obtaining approval from the New Taipei City government, MyStory Entertainment Co., Ltd. changed its Chinese name on April 20, 2022. In August 2022, the percentage of ownership decreased to 51.00% after non-controlling interest shareholders acquired an additional 9,500 thousand shares during the cash capital increase.

Note 5: Speed Investment Co., Ltd. and Aion Technologies Inc. joined the cash capital increase of Epic Tech Taiwan Inc. for NT\$30,000 thousand in June 2022. The percentage of ownership increased to 98.57%.

Note 6: Speed Investment Co., Ltd. joined the cash capital increase of Living Plus Food & Beverage Co., Ltd. to acquire 2,000 thousand shares for NT\$20,000 thousand in August 2022. Combined with the shares held by TransAsia Catering Services Ltd., the percentage of ownership was 100%.

Note 7: LeeBao Security Co., Ltd. and LeeBao Technology Co., Ltd. invested in Baohong Technology Co., Ltd. by acquiring 700 thousand shares for a total of NT\$7,000 thousand in December 2022. The percentage of ownership was 70%.

(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 recognize the impairment gains or losses.

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

Provision for Onerous contracts

A provision for onerous contracts is recognized when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract or the expected net cost of continuing with the contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract.

(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)Government grants

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

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

favorable interest is regarded as additional government grant.

(22) 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.

(23) 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.

(24) 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, 2022.

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,	
	2022	2021
Petty cash	\$11,148	\$11,205
Cash on hand for cash delivery service	1,432,740	1,442,760
Checking and saving accounts	3,352,686	2,839,589
Time deposits	2,000	4,594
Cash equivalents	354,893	367,196
Total	<u>\$5,153,467</u>	<u>\$4,665,344</u>

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

	As of December 31,	
	2022	2021
Financial assets mandatorily at fair value through profit or loss:		

Fund	\$1,036	\$1,020
Convertible bond	42,138	42,138
Convertible preferred shares	28,379	-
Simple Agreement for Future Equity	21,298	-
Film and television investment agreement	157,981	60,052
Total	<u>\$250,832</u>	<u>\$103,210</u>
Current	\$64,472	\$1,020
Non-current	186,360	102,190
Total	<u>\$250,832</u>	<u>\$103,210</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,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	\$178,216	\$158,738
Unlisted companies stocks	122,809	160,186
Real estate investment trust	141,823	155,289
Total	<u>\$442,848</u>	<u>\$474,213</u>
Current	\$269,473	\$267,133
Non-current	173,375	207,080
Total	<u>\$442,848</u>	<u>\$474,213</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, 2022 and 2021 are as follow:

	For the years ended December 31,	
	2022	2021
Related to investments held at the end of the reporting period	\$15,671	\$9,456
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$15,671</u>	<u>\$9,456</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, 2022 and 2021 are as follow:

	For the years ended December 31,	
	2022	2021
The fair value of the investments at the date of derecognition	\$51,630	\$29,894

The cumulative gain or loss on disposal reclassified from other equity to retained earnings	29,003	(346)
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(4) Financial assets measured at amortized cost

	As of December 31,	
	2022	2021
Financial bond	\$29,976	\$60,033
Time deposit	359,882	439,499
Less: loss allowance	-	-
Total	<u>\$389,858</u>	<u>\$499,532</u>
Current	\$257,783	\$352,269
Non-current	132,075	147,263
Total	<u>\$389,858</u>	<u>\$499,532</u>

Please refer to Note 8 for more detail on financial assets measured at amortized cost under pledge. Please refer to Note 6(22) for more details on loss allowance and Note 12 for more details on credit risk.

(5) Notes receivable

	As of December 31,	
	2022	2021
Notes receivable arising from operating activities	\$190,244	\$182,628
Less: loss allowance	-	-
Total	<u>\$190,244</u>	<u>\$182,628</u>

Notes receivable were not pledged.

The Group follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6(22) 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,	
	2022	2021
Accounts receivable	\$1,264,834	\$910,235
Less: loss allowance	(42,279)	(36,591)
Subtotal	<u>1,222,555</u>	<u>873,644</u>
Accounts receivable from related parties	261,564	258,183
Less: loss allowance	-	-

Subtotal	261,564	258,183
Operating lease receivables	26,819	86,766
Less: loss allowance	-	-
Subtotal	26,819	86,766
Long-term receivables	49,940	54,276
Less: loss allowance	-	-
Subtotal	49,940	54,276
Total	\$1,560,878	\$1,272,869

Accounts receivable were not pledged.

Accounts receivable are generally on 15-120 day terms. The total carrying amount as of December 31, 2022 and 2021 are NT\$1,603,157 thousand and NT\$1,309,460 thousand, respectively. Please refer to Note 6(22) for more details on loss allowance of accounts receivable for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk.

(7) Inventories

	As of December 31,	
	2022	2021
Merchandise inventories	\$321,962	\$345,395
Finished goods	24,756	5,628
Work-in-progress	28,093	43,435
Raw materials	171,771	133,508
Others	17,486	12,440
Total	\$564,068	\$540,406

The cost of inventories recognized as expenses by the Group amounted to NT\$2,685,613 thousand and NT\$1,490,861 thousand for the years ended December 31, 2022 and 2021, respectively, including the write-down of inventories of NT\$44,092 thousand and 0 thousand, respectively. Additionally, the Group recognized gain from the price recovery of inventory of NT\$11,932 thousand and NT\$0 for the years 2022 and 2021, respectively. The gains resulted from the sale of obsolete inventory identified in the prior periods.

No inventories were pledged.

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

As of December 31,

Investees	2022		2021	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in associates:				
<u>Listed companies</u>				
Goldsun Building Materials Co., Ltd.	\$3,860,655	15	\$3,741,288	15
TransAsia Airways Corp.	-	12	-	12
Subtotal	<u>3,860,655</u>		<u>3,741,288</u>	
<u>Non-listed companies</u>				
Tech Elite Holdings Ltd.	-	39	-	39
Anfeng Enterprise Co., Ltd.	15,238	30	14,497	30
HuaYa Development Co., Ltd.	290,086	43	293,338	50
eSkylink Inc.	25,428	20	22,062	20
Global Food Co., Ltd.	21,252	30	24,443	30
GALC Inc.	12,080	30	9,483	30
Pony Drink Dream Co., Ltd.	5,440	35	7,000	35
Subtotal	<u>369,524</u>		<u>370,823</u>	
Total	<u>\$4,230,179</u>		<u>\$4,112,111</u>	

The Group 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 Group has 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 using the equity method, approved the liquidation proposal. Full impairment loss has been provided to the related balance of investments accounted for using the equity method after assessing the result of 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\$4,488,215 thousand and NT\$5,455,454 thousand, as of December 31, 2022 and 2021, 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,	
	2022	2021
Current assets	\$12,657,734	\$12,530,850
Non-current assets	26,293,349	23,229,633
Current liabilities	(9,066,546)	(7,137,852)
Non-current liabilities	(5,487,481)	(6,116,784)
Equity	24,397,056	22,505,847
Non-controlling interests	(1,131,575)	(1,115,589)
Shareholders of the parent Company	23,265,481	21,390,258
Proportion of the Group's ownership	14.71%	15.48%
Subtotal	3,422,352	3,311,212
Goodwill	363,485	360,415
Others	74,818	69,661
Carrying amount of the investment	\$3,860,655	\$3,741,288

	For the years ended	
	December 31,	
	2022	2021
Operating revenue	\$21,278,780	\$21,801,699
Profit or loss from continuing operations	4,236,108	2,933,244

Other comprehensive income	(138,642)	109,349
Total comprehensive income	<u>\$4,097,466</u>	<u>\$3,042,593</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\$ 369,524 thousand and NT\$370,823 thousand, as of December 31, 2022 and 2021, respectively. The aggregate financial information based on Group's share of other companies is as follows:

	For the years ended December 31,	
	2022	2021
Profit or loss from continuing operations	\$12,181	\$8,357
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$12,181</u>	<u>\$8,357</u>

The associates had no contingent liabilities or capital commitments as of December 31, 2022 and 2021.

(9) Property, plant and equipment

	As of December 31,	
	2022	2021
Owner occupied property, plant and equipment	\$8,684,230	\$7,028,768
Property, plant and equipment leased out under operating leases	141,105	149,614
Total	<u>\$8,825,335</u>	<u>\$7,178,382</u>

A. Owner occupied property, plant and equipment

	Land and land improvements	Buildings	Machinery and equipment	Security equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost:									
As of January 1, 2022	\$2,894,240	\$1,563,538	\$493,813	\$8,842,477	\$710,535	\$938,890	\$1,114,271	\$-	\$16,557,764
Additions	6,570	201,287	67,368	565,537	111,240	82,740	169,348	-	1,204,090
Disposals	-	(20,269)	(70,750)	(735,833)	(109,184)	(110,548)	(62,861)	-	(1,109,445)
Acquisitions through business combinations	283,470	84,613	36,969	-	256	395	16,531	-	422,234
Other changes	-	-	-	149,663	-	768	-	991,430	1,141,861
As of December 31, 2022	<u>\$3,184,280</u>	<u>\$1,829,169</u>	<u>\$527,400</u>	<u>\$8,821,844</u>	<u>\$712,847</u>	<u>\$912,245</u>	<u>\$1,237,289</u>	<u>\$991,430</u>	<u>\$18,216,504</u>
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>\$-</u>	<u>\$16,557,764</u>
Depreciation and impairment:									
As of January 1, 2022	\$-	\$500,437	\$400,285	\$6,701,562	\$562,429	\$525,537	\$838,817	\$-	\$9,529,067
Depreciation	-	46,032	39,688	733,129	63,874	84,413	90,131	-	1,057,267
Disposals	-	(15,240)	(64,050)	(734,660)	(106,390)	(83,630)	(50,093)	-	(1,054,063)
Other changes	-	-	-	-	3	-	-	-	3
As of December 31, 2022	<u>\$-</u>	<u>\$531,229</u>	<u>\$375,923</u>	<u>\$6,700,031</u>	<u>\$519,916</u>	<u>\$526,320</u>	<u>\$878,855</u>	<u>\$-</u>	<u>\$9,532,274</u>
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)	-	102	-	71
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>\$838,817</u>	<u>\$-</u>	<u>\$9,529,067</u>
Net carrying amount as of:									
December 31, 2022	<u>\$3,184,280</u>	<u>\$1,297,940</u>	<u>\$151,477</u>	<u>\$2,121,813</u>	<u>\$192,931</u>	<u>\$385,925</u>	<u>\$358,434</u>	<u>\$991,430</u>	<u>\$8,684,230</u>
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>\$275,454</u>	<u>\$-</u>	<u>\$7,028,697</u>

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

	Other equipment
Cost:	
As of January 1, 2022	\$534,550
Additions	18,690
Disposals	(180)
Other changes	26,709
As of December 31, 2022	<u>\$579,769</u>
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>
Depreciation and impairment:	
As of January 1, 2022	\$384,865
Depreciation	54,477
Disposals	(122)
Other changes	(556)
As of December 31, 2022	<u>\$438,664</u>

As of January 1, 2021	\$325,291
Depreciation	59,717
Disposals	(10)
Other changes	(133)
As of December 31, 2021	<u>\$384,865</u>
Net carrying amounts as of:	
December 31, 2022	<u>\$141,105</u>
December 31, 2021	<u>\$149,685</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.

The redevelopment project that the Company and Goldsun Building Materials Co., Ltd. jointly invested commenced in 2022. Therefore, the payments originally recorded under the prepayment account was reclassified to the account of Construction in progress in accordance with the relevant accounting standards.

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, 2022	\$26,010	\$16,986	\$42,996
Disposals	(11,910)	(3,567)	(15,477)
As of December 31, 2022	<u>\$14,100</u>	<u>\$13,419</u>	<u>\$27,519</u>
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>
Depreciation and impairment:			
As of January 1, 2022	\$-	\$4,238	\$4,238
Depreciation	-	404	404
Disposals	-	(784)	(784)
As of December 31, 2022	<u>\$-</u>	<u>\$3,858</u>	<u>\$3,858</u>
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>

Net carrying amount as of:

December 31, 2022	\$14,100	\$9,561	\$23,661
December 31, 2021	\$26,010	\$12,748	\$38,758

	For the years ended December 31,	
	2022	2021
Rental income from investment property	\$5,004	\$4,707
Less : Direct operating expense generated from rental income of investment property	(404)	(408)
Total	\$4,600	\$4,299

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

The fair value of investment properties is NT\$74,189 thousand and NT\$100,253 thousand, as of December 31, 2022 and 2021, 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,	
	2022	2021
Capitalization Rate	2.20%	1.76%~1.77%

(11) Intangible assets

	Goodwill	Computer software	Customer relationship	Other	Total
Cost:					
As of January 1, 2022	\$519,653	\$214,824	\$17,432	\$1,500	\$753,409
Addition-acquired separately	-	107,993	-	2,209	110,202
Acquisitions through business combinations	123,845	-	-	-	123,845
Expired	-	(46,934)	-	-	(46,934)
As of December 31, 2022	\$643,498	\$275,883	\$17,432	\$3,709	\$940,522
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	\$519,653	\$214,824	\$17,432	\$1,500	\$753,409
Amortization and impairment:					
As of January 1, 2022	\$252,711	\$123,516	\$14,319	\$167	\$390,713
Amortization	-	65,862	2,490	1,313	69,665
Impairment	45,000	-	-	-	45,000

	Goodwill	Computer software	Customer relationship	Other	Total
Expired	-	(46,934)	-	-	(46,934)
As of December 31, 2022	<u>\$297,711</u>	<u>\$142,444</u>	<u>\$16,809</u>	<u>\$1,480</u>	<u>\$458,444</u>
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)
As of December 31, 2021	<u>\$252,711</u>	<u>\$123,516</u>	<u>\$14,319</u>	<u>\$167</u>	<u>\$390,713</u>
Net carrying amount as of:					
December 31, 2022	<u>\$345,787</u>	<u>\$133,439</u>	<u>\$623</u>	<u>\$2,229</u>	<u>\$482,078</u>
December 31, 2021	<u>\$266,942</u>	<u>\$91,308</u>	<u>\$3,113</u>	<u>\$1,333</u>	<u>\$362,696</u>

Recognized as amortization of intangible assets are as follows.

	For the years ended December 31,	
	2022	2021
Operating costs	<u>\$28,108</u>	<u>\$20,789</u>
Operating expenses	<u>\$41,557</u>	<u>\$40,942</u>

(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 three cash-generating units, which are also reportable operating segments, for impairment testing as follows:

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

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

	Security guard unit		Catering service unit	
	2022	2021	2022	2021
As of December 31, Goodwill	<u>\$27,548</u>	<u>\$27,548</u>	<u>\$221,913</u>	<u>\$143,068</u>
	Other business unit		Total	
	2022	2021	2022	2021
As of December 31, Goodwill	<u>\$96,326</u>	<u>\$96,326</u>	<u>\$345,787</u>	<u>\$266,942</u>

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 14.92% (2021: 13.42%) and cash flows beyond the five-year period are extrapolated using a 0% (2021: 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.

Catering service cash-generating unit

The recoverable amount of the catering service unit, NT\$1,248,503 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 between 11.03%~11.18% (2021: 12.37%) and cash flows beyond the five-year period are extrapolated using a 0.5% (2021: 0.5%) growth rate that is the same as the long-term average growth rate for the other business industry. As a result of this analysis, management has recognized an impairment loss of NT\$ 45,000 thousand against goodwill previously carried at NT\$ 266,913 thousand for the year ended December 31, 2022.

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 between 11.61%~12.12% (2021: 12.26%~12.57%) and cash flows beyond the five-year period are extrapolated using a 0% (2021: 0%) growth rate that is the same as the long-term average growth rate for the other business industry. As a result of this analysis, management has identified no impairment loss for goodwill which is allocated to this cash-generating unit.

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 Catering 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 catering service 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 catering service 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,	
		2022	2021
Unsecured bank loans	0.54%-1.72%	\$800,000	\$500,000
Secured bank loans	1.72%	30,000	-
Total		<u>\$830,000</u>	<u>\$500,000</u>

The Group's unused short-term lines of credits amounted to NT\$4,070,562 thousand and NT\$2,740,000 thousand, as of December 31, 2022 and 2021, respectively.

Please refer to Note 8 for more details on property, plant and equipment-land and buildings, and investment property pledged as security for short-term loans.

(14) Short-term bills payables

Nature	Guarantee Agency	As of December	Interest	Period
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		31, 2022	Rate (%)	
Commercial paper	China Bills Finance Corporation	\$30,000	1.94%	32 days
Less: discount on short-term bills payable		-		
Net		<u>\$30,000</u>		
		As of December 31, 2021	Interest Rate (%)	Period
Nature	Guarantee Agency			
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		<u>50,000</u>		
Less: discount on short-term bills payable		-		
Net		<u>\$50,000</u>		

(15) Other payables

	As of December 31,	
	2022	2021
Other accrued expenses	\$1,468,714	\$1,354,780
ATM replenishment payable	722,156	906,512
Others	136,985	109,202
Total	<u>\$2,327,855</u>	<u>\$2,370,494</u>

(16) Long-term loans

Details of long-term loans are as follows:

Lenders	As of December 31, 2022	Interest Rates (%)	Maturity date and terms of repayment
<u>Unsecured Loan</u>			
Bank of Tokyo-Mitsubishi UFJ	\$400,000	2.49%	Loan starting from September 22, 2022 till September 22, 2025; repayment at the maturity date; interest paid every 3 months.
Bank of Tokyo-Mitsubishi UFJ	400,000	0.86%	Loan starting from January 15, 2021 till January 13, 2023; repayment at the maturity date; interest paid every 3 months
Sumitomo Mitsui Banking Corporation	700,000	1.85%	Loan starting from August 20, 2021 till February 20, 2023; 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	600,000	1.82%	Loan originally starting from December 18, 2020 till December 16, 2022, extended to January 16, 2023; repayment at the maturity date; interest paid every month.
Mizuho Bank, Ltd.	100,000	2.13%	Loan starting from September 22, 2021 till March 22, 2024; repayment at the maturity date; interest paid every

			3 months.
Mizuho Bank, Ltd.	200,000	1.73%	Loan starting from July 11, 2022 till July 5, 2025; repayment at the maturity date; interest paid every 3 months.
Mizuho Bank, Ltd.	200,000	1.73%	Loan starting from July 11, 2022 till July 5, 2025; repayment at the maturity date; interest paid every 3 months.
Mizuho Bank, Ltd.	200,000	1.73%	Loan starting from July 11, 2022 till July 5, 2025; repayment at the maturity date; interest paid every 3 months.
GI Bank Co., Ltd.	300,000	1.99%	Loan starting from July 22, 2021 till April 27, 2024; repayment at the maturity date; interest paid every month
<u>Secured Loan</u>			
Sunny Bank Ltd.	144,339	1.87%	Loan starting from July 28, 2020 till March 18, 2024; repayment at the maturity date; interest paid every month.
Sunny Bank Ltd.	12,500	1.33%	Loan starting from September 20, 2022 till December 15, 2023; repayment at the maturity date; interest paid every month.
JihSun International Commercial Bank	296,000	1.70%	Loan starting from November 21, 2022 till November 21, 2025; installment payment of 4,000 thousand by every month; the remaining repayment for the remaining at the maturity date; interest paid every month.
Subtotal	4,152,839		
Less: current portion	(2,360,500)		
Total	<u>\$1,792,339</u>		

Lenders			As of	Interest Rates	Maturity date and terms of repayment
			December 31, 2021		
<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 Corporation	Mitsui	Banking	600,000	0.93%	Loan starting from December 18, 2020 till December 16, 2022; repayment at the maturity date; interest paid every month
Sumitomo Corporation	Mitsui	Banking	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	700,000	0.88%	Loan starting from February 20, 2021 till February 20,

Corporation			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	\$2,036,168		

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,	
	2022	2021
Performance security deposit	\$497,916	\$502,358
Security line deposit	125,737	136,770
Others	7,770	8,933
Total	\$631,423	\$648,061

(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.

Expenses under the defined contribution plan for the years ended December 31, 2022 and 2021 were NT\$ 238,505 thousand and NT\$220,821 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandation, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$ 136,458 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The average durations of the defined benefits plan obligation are 10 years and 12 years as of December 31, 2022 and 2021, respectively

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021:

	For the years ended December 31,	
	2022	2021
Current period service costs	\$41,800	\$44,739
Interest expense (income) of net defined benefit liabilities (assets)	8,701	7,011
Total	<u>\$50,501</u>	<u>\$51,750</u>

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

	As of December 31,	
	2022	2021
Defined benefit obligation	\$1,838,573	\$1,984,635
Plan assets at fair value	(466,086)	(419,642)
Other non-current liabilities – Net defined benefit liabilities recognized on the consolidated balance sheets	<u>\$1,372,487</u>	<u>\$1,564,993</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, 2021	\$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
Subtotal	<u>53,338</u>	<u>(1,588)</u>	<u>51,750</u>
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	<u>36,657</u>	<u>(5,126)</u>	<u>31,531</u>
Payments from the plan	(121,735)	121,735	-
Contributions by employer	-	(142,426)	(142,426)
As of December 31, 2021	<u>1,984,635</u>	<u>(419,642)</u>	<u>1,564,993</u>
Current period service costs	41,800	-	41,800
Net interest expense (income)	10,987	(2,286)	8,701
Subtotal	<u>52,787</u>	<u>(2,286)</u>	<u>50,501</u>

Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	2,635	-	2,635
Actuarial gains and losses arising from changes in financial assumptions	(154,880)	-	(154,880)
Experience adjustments	115,742	(30,699)	85,043
Return on plan assets	-	-	-
Subtotal	(36,503)	(30,699)	(67,202)
Payments from the plan	(162,346)	162,346	-
Contributions by employer	-	(175,805)	(175,805)
As of December 31, 2022	<u>\$1,838,573</u>	<u>\$(466,086)</u>	<u>\$1,372,487</u>

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

	As of December 31,	
	2022	2021
Discount rate	1.47%-1.90%	0.44%-0.73%
Expected rate of salary increases	0.50%-2.00%	0.50%-2.00%

A sensitivity analysis for significant assumption as of December 31, 2022 and 2021 is as follows:

	Effect on the defined benefit obligation			
	2022		2021	
	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%	\$-	\$63,774	\$-	\$92,965
Discount rate decreases by 0.5%	70,933	-	142,390	-
Future salary increases by 0.5%	70,891	-	148,593	-
Future salary decreases by 0.5%	-	64,292	-	92,251

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)Provisions

	Onerous contract	Warranties	Decommissioning, restoration and rehabilitation	Total
As of January 1, 2022	\$-	\$224	\$7,200	\$7,424
Arising during the period	137,535	643	-	138,178
Utilized	(27,408)	(104)	-	(27,512)
Reversed	-	-	-	-
As of December 31, 2022	<u>\$110,127</u>	<u>\$763</u>	<u>\$7,200</u>	<u>\$118,090</u>
As of January 1, 2021	\$-	\$729	\$7,200	\$7,929
Arising during the period	-	-	-	-
Utilized	-	-	-	-
Reversed	-	(505)	-	(505)
As of December 31, 2021	<u>\$-</u>	<u>\$224</u>	<u>7,200</u>	<u>\$7,424</u>
Current—December 31, 2022	\$225	\$763	\$-	\$988
Non-current—December 31 2022	109,902	-	7,200	117,102
As of December 31, 2022	<u>\$110,127</u>	<u>\$763</u>	<u>\$7,200</u>	<u>\$118,090</u>
Current—December 31, 2021	\$-	\$224	\$-	\$224
Non-current—December 31, 2021	-	-	7,200	7,200
As of December 31, 2021	<u>\$-</u>	<u>\$224</u>	<u>\$7,200</u>	<u>\$7,424</u>

Onerous contract

The provision of onerous contracts is the difference between the present value of the Company's existing future payment obligations under irrevocable contracts and the revenue expected to be earned from the contracts. This estimate is subject to change due to changes in input conditions.

Warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

Decommissioning, restoration and rehabilitation

A provision has been recognized for decommissioning costs associated with a buildings owned by Group. The Group is committed to decommissioning the site as a result of the construction of the buildings.

(20)Equity

A. Common stock

The Company's authorized and issued capital were both NT\$5,000,000 thousand, and the issued capital was NT\$4,511,971, consisting of 451,197,093 shares with a par value of NT\$10 par share, as of December 31, 2022 and 2021, respectively. Each share has one voting right and the right to receive dividends

B. Capital surplus

	As of December 31,	
	2022	2021
Additional paid-in capital	\$4,291	\$4,291
Treasury share transactions	790,188	713,128
Changes in net assets of associates and joint ventures accounted for using the equity method	109,453	104,433
Donated surplus	2,959	2,959
Total	<u>\$906,891</u>	<u>\$824,811</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, 2022 and 2021, the Company's shares held by the subsidiaries were NT\$ 263,255 thousand and NT\$288,389 thousand, with a total of 9,079,805 shares and 10,273,805 shares, respectively. Golden Harvest Food Enterprise Ltd., a subsidiary of the Company, held 56 thousand shares of the Company for NT\$5,824 thousand when it was merged in January 2022. Gowin Building Management and Maintenance Co., Ltd. disposed 1,250 thousand shares of the Company for NT\$ 30,958 thousand in 2022. The remaining 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.

When distributing earnings, the Company was obligated to set a special reserve for other net equity deductions, a reserve then can be distributed after the reversal of such deductions.

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 reversed NT\$ 85,032 thousand special reserve to undistributed earnings. As of December 31, 2022 and 2021, the special reserve were NT\$ 15,352 thousand and NT\$100,384 thousand, respectively.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 14, 2023 and May 30, 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$265,801	\$249,266		
Special reserve	75,735	(85,032)		
Common stock-cash dividend	2,255,986	2,255,986	\$5	\$5

Please refer to Note 6(24) for further details on employees' compensation and remuneration to directors.

E. Non-controlling interests

For the years ended	
December 31,	
2022	2021

Beginning balance	\$410,362	\$459,044
Profit attributable to non-controlling interests	29,209	52,201
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences resulting from translating the financial statements of a foreign operation	1,305	(148)
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	(6,291)	10,585
Remeasurements of defined benefit plan	657	195
Disposal of equity instrument at fair value through other comprehensive income	1,712	-
Share of changes in associates accounted for using the equity method	17	7
Cash dividend from subsidiaries	(38,905)	(42,387)
Capital reduction from subsidiaries	-	(9,751)
Cash capital increase of subsidiaries	-	11,760
Acquisition of subsidiaries	34,747	-
Acquisition of additional interest of a subsidiary	(38,887)	(72,029)
Changes in subsidiaries' ownership	94,942	(125)
Others	(1,166)	1,010
Ending balance	\$487,702	\$410,362

(21) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sale of goods revenue	\$2,137,464	\$1,618,814
Rendering of service revenue	12,913,043	12,232,125
Subtotal	15,050,507	13,850,939
Other revenue	306,938	283,958
Total	\$15,357,445	\$14,134,897

Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 is as follows:

A. Classification of revenue

For the year ended December 31, 2022:

Electronic	Security	Cash Delivery	Logistics	Other	Total
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	Systems Department	Services Department	Department	Department	Department	
Sale of goods	\$645,910	\$-	\$-	\$20,358	\$1,471,196	\$2,137,464
Rendering of services	6,200,440	2,342,017	1,212,755	975,581	2,182,250	12,913,043
Total	<u>\$6,846,350</u>	<u>\$2,342,017</u>	<u>\$1,212,755</u>	<u>\$995,939</u>	<u>\$3,653,446</u>	<u>\$15,050,507</u>

Timing of revenue
recognition:

At a point in time	\$645,910	\$-	\$-	\$20,358	\$1,471,196	\$2,137,464
Over time	6,200,440	2,342,017	1,212,755	975,581	2,182,250	12,913,043
Total	<u>\$6,846,350</u>	<u>\$2,342,017</u>	<u>\$1,212,755</u>	<u>\$995,939</u>	<u>\$3,653,446</u>	<u>\$15,050,507</u>

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>

B. Contract balances

a. Contract assets - current

	2022.12.31	2021.12.31	2021.1.1
Rendering of services	<u>\$456,121</u>	<u>\$327,088</u>	<u>\$120,316</u>
Total	<u>\$456,121</u>	<u>\$327,088</u>	<u>\$120,316</u>

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

Please refer to Note 6(22) for more details on the impairment impact.

b. Contract liabilities – current and non-current

	2022.12.31	2021.12.31	2021.1.1
Current	\$1,427,258	\$1,301,963	\$1,283,052
Non-current	15,319	18,901	30,432
Total	<u>\$1,442,577</u>	<u>\$1,320,864</u>	<u>\$1,313,484</u>

The significant changes in the Group's balances of contract liabilities during the years ended December 31, 2022 and 2021 are as follows:

	For the years ended December 31,	
	2022	2021
The opening balance transferred to revenue	\$(1,167,683)	\$(1,220,734)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,289,396	1,228,114

C. Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT\$ 1,442,577 thousand as of December 31, 2022. Management expects that 94% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2023. The remaining amount will be recognized during the 2024 financial year.

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.

D. Assets recognized from costs to fulfil a contract

None.

(22) Expected credit losses

For the years ended
December 31,

	2022	2021
Operating expenses - Expected credit losses		
Contract assets	\$-	\$-
Trade receivables	11,131	5,220
Subtotal	11,131	5,220
Non-operating income and expenses - Expected credit losses		
Financial assets measured at amortized cost	-	-
Total	\$11,131	\$5,220

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, 2022

Group 1	Overdue						Total
	Not yet due						
	(note)	1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	
Gross carrying amount	\$1,113,476	\$64,858	43,013	3,220	13,475	13,856	\$1,251,898
Loss ratio	0-2%	2-10%	10-30%	30-50%	50-80%	80-100%	
Lifetime expected credit losses	(1,835)	(1,301)	(4,324)	(966)	(6,755)	(13,856)	(29,037)
Subtotal	1,111,641	63,557	38,689	2,254	6,720	\$-	1,222,861
Group 2	Overdue						Total
	Not yet due						
	(note)	1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	

Gross carrying amount	\$743,167	\$11,622	\$155	\$143	\$-	\$11,502	\$766,589
Loss ratio	0-2%	2-5%	5-10%	10-50%	50-90%	90-100%	
Lifetime expected credit losses	(1,541)	(113)	(14)	(72)	-	(11,502)	(13,242)
Subtotal	741,626	11,509	141	71	-	-	753,347
Total							<u>\$1,976,208</u>

As of December 31, 2021

Group 1	Overdue						
	Not yet due						
	(note)	1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	Total
Gross carrying amount	\$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						
	Not yet due						
	(note)	1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	Total
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>

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, 2022 and 2021 is as follows:

	Trade receivables	Notes receivable	Others (Note)
Balance as of January 1, 2022	\$36,591	\$-	\$-
Addition/(reversal) for the current period	11,131	-	-
Write off	(6,660)	-	-
Others	1,217	-	-
Balance as of December 31, 2022	<u>\$42,279</u>	<u>\$-</u>	<u>\$-</u>
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>

Note: Others contain operating lease receivables, finance lease receivables, long-term receivables and long-term lease receivables.

(23) 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,	
	2022	2021
Land and land improvement	\$67,080	\$46,737
Buildings	688,023	470,652
Transportation equipment	126,698	124,410
Other equipment	-	2,853
Total	<u>\$881,801</u>	<u>\$644,652</u>

During the year 2022 and 2021, the Group's additions to right-of-use assets amounted to NT\$ 592,934 thousand and NT\$165,877 thousand, respectively.

(ii) Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	<u>\$875,910</u>	<u>\$643,580</u>
Current	\$311,894	\$248,791
Non-current	564,016	394,789

Please refer to Note 6(25) for the interest on lease liabilities recognized during the year 2022 and 2021 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Land and land improvement	\$21,115	\$20,070
Buildings	272,846	277,731
Transportation equipment	34,549	31,690
Other equipment	2,853	3,281
Total	<u>\$331,363</u>	<u>\$332,772</u>

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
The expenses relating to short-term leases	\$78,518	\$31,246
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	13,745	16,470
Total	<u>\$92,263</u>	<u>\$47,716</u>

d. Cash outflow relating to leasing activities

The Group's total cash outflows for leases amounted to NT\$ 438,966 thousand and NT\$392,933 thousand for the years ended December 31, 2022 and 2021, 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,	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$317,233	\$292,488
Subtotal	317,233	292,488
Lease income for finance leases		
Selling profit or loss	3,580	9,387
Finance income on the net investment in the lease	4,973	5,621
Subtotal	8,553	15,008
Total	\$325,786	\$307,496

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, 2022 and 2021 are as follows:

As of December 31,

	2022	2021
Within one year	\$256,474	\$226,987
Beyond one year but not later than two years	10,730	26,794
Beyond two years but not later than three years	2,085	4,864
Beyond three years but not later than four years	72	1,948
Beyond four years but not later than five years	-	72
Beyond five years	-	-
Total	\$269,361	\$260,665

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, 2022 and 2021 are as follow:

	As of December 31,	
	2022	2021
Within one year	\$86,050	\$74,537
Beyond one year but not later than two years	62,199	77,158
Beyond two years but not later than three years	43,491	53,307
Beyond three years but not later than four years	28,644	34,600
Beyond four years but not later than five years	14,438	19,752
Beyond five years	-	3,292
Total undiscounted lease payment	234,822	262,646
Less: Unearned finance income to finance leases	(9,736)	(11,547)
Less: loss allowance	-	-
Net investment in the lease (Finance lease receivables)	\$225,086	\$251,099
Current	\$81,465	\$69,685
Non-current	143,621	181,414

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

	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$4,006,936	\$1,680,234	\$5,687,170	\$3,680,649	\$1,510,203	\$5,190,852
Labor and health insurance	428,784	129,612	558,396	397,555	121,941	519,496

Pension	222,280	66,726	289,006	208,708	63,863	272,571
Other employee benefits expense	195,081	42,686	237,767	191,167	42,182	233,349
Depreciation	1,190,247	253,264	1,443,511	1,171,636	253,858	1,425,494
Amortization	28,108	41,557	69,665	20,789	40,942	61,731

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 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, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2022 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 for the year ended December 31, 2022 amounted to NT\$30,228 thousand and NT\$120,912 thousand, respectively.

A resolution was passed at a Board of Directors meeting held on March 14, 2023 to distribute NT\$30,273 thousand and NT\$121,091 thousand in cash as employees' compensation and remuneration to directors of 2022, respectively.

No material differences exist between the estimated amount and the actual distribution of the employee compensation NT\$29,435 thousand and remuneration to directors and supervisors NT\$117,741 thousand for the year ended December 31, 2021.

(25) Non-operating income and expenses

A. Interest income

	For the years ended December 31,	
	2022	2021
Financial assets measured at amortized cost	\$1,993	\$1,292
Cash in banks	8,597	5,770
Short-term commercial papers	2,443	2,617
Others	362	343
Total	<u>\$13,395</u>	<u>\$10,022</u>

B. Other income

	For the years ended December 31,	
	2022	2021
Rental income	\$10,295	\$8,531

Dividend income	15,671	9,456
Total	<u>\$25,966</u>	<u>\$17,987</u>

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Loss on disposal of property, plant and equipment	\$(28,676)	\$(6,327)
Gain on disposal of investment property	14,518	-
Loss on disposal of intangible assets	-	(193)
Gain on disposal of investments	52,041	38,718
Foreign exchange gain (loss), net	7,430	(1,344)
Gain (loss) on financial assets at fair value through profit or loss (Note 1)	17	(88)
Impairment losses	(45,000)	(22,330)
Gain (loss) on lease modification	618	(541)
Other gain (loss)	31,297	(11,218)
Total	<u>\$32,245</u>	<u>\$(3,323)</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,	
	2022	2021
Interest on borrowings from bank	\$55,765	\$39,431
Interest on lease liabilities	10,479	9,953
Total interest expenses	66,244	49,384
Unwinding of discount on provisions	-	-
Total finance costs	<u>\$66,244</u>	<u>\$49,384</u>

(26) Components of other comprehensive income

For the year ended December 31, 2022

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

Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$61,477	\$-	\$61,477	\$(12,411)	\$49,066
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(43,785)	-	(43,785)	1,145	(42,640)
Share of other comprehensive loss of associates and joint ventures accounted for using the equity method	(49,775)	-	(49,775)	-	(49,775)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	1,303	-	1,303	-	1,303
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	41,256	-	41,256	-	41,256
Total of other comprehensive income	\$10,476	\$-	\$10,476	\$(11,266)	\$(790)

For the year ended December 31, 2021

			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	\$(34,100)	\$-	\$(34,100)	\$3,353	\$(30,747)
Unrealized gains from equity instruments investments measured at fair value through other comprehensive income	68,412	-	68,412	628	69,040
Share of other comprehensive income 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 loss of associates and joint ventures accounted for using the equity method	(11,989)	-	(11,989)	-	(11,989)
Total of other comprehensive income	\$49,264	\$-	\$49,264	\$3,981	\$53,245

(27) 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,	
	2022	2021
Current income tax expense (income):		
Current income tax charge	\$519,035	\$512,897
Adjustments in respect of current income tax of prior periods	4,221	(26,454)
Deferred tax expense (income):		

Deferred tax (income) expense relating to origination and reversal of temporary differences	(2,458)	19,368
Deferred tax income relating to origination and reversal of tax loss and tax credit	(255)	(497)
Other components of deferred tax expense	2,700	1,246
Total income tax expense (income)	<u>\$523,243</u>	<u>\$506,560</u>

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$12,411	\$(3,353)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(1,145)	(628)
Income tax relating to components of other comprehensive income	<u>\$11,266</u>	<u>\$(3,981)</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,	
	2022	2021
Accounting profit before tax from continuing operations	<u>\$3,131,193</u>	<u>\$3,085,445</u>
Tax at the domestic rates applicable to profits in the country concerned	\$626,239	\$617,089
Investment tax credit and loss carryforward	(4,781)	650
Tax effect of deferred tax assets / liabilities	3,239	(276)
Tax effect of revenues exempt from taxation	(110,291)	(83,555)
Tax effect of non-deductible expenses from taxation	(160)	279
Adjustments in respect of current income tax of prior periods	4,221	(26,454)
5% surtax on unappropriated retained earnings	3,625	53
Others	1,151	(1,226)
Total income tax expense recognized in profit or loss	<u>\$523,243</u>	<u>\$506,560</u>

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences				
Unrealized bad debt expense	\$4,724	\$671	\$-	\$5,395
Inventory valuation and obsolescence loss	2,839	6,432	-	9,271

Depreciation difference for tax purpose	14,283	(402)	-	13,881
Compensation for unused vacation	21,924	220	-	22,144
Decommissioning costs	1,440	-	-	1,440
Defined benefit liabilities, non-current	209,645	(19,332)	(12,411)	177,902
Loss deduction	11,725	(6,750)	-	4,975
Impairment losses	149,186	-	-	149,186
Others	4,539	21,874	1,145	27,558
Deferred tax income/(expense)		<u>\$2,713</u>	<u>\$(11,266)</u>	
Net deferred tax assets/(liabilities)	<u>\$420,305</u>			<u>\$411,752</u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u>\$420,305</u>			<u>\$411,752</u>

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
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>

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

Year	Tax losses for the period	Unused tax losses as of		
		December 31, 2022	December 31, 2021	Expiration year
2011	\$32,268	\$-	\$32,268	2021
2012	11,154	11,154	11,154	2022
2013	30,352	23,973	23,973	2023
2014	158	-	-	2024
2015	2,988	-	-	2025
2016	22,825	14,418	18,562	2026

2017	95,601	86,893	91,839	2027
2018	19,007	16,373	19,007	2028
2019	41,219	18,808	24,348	2029
2020	464,995	361,570	124,044	2030
2021	125,079	118,962	103,102	2031
2022	137,054	137,054	-	2032
		<u>\$789,205</u>	<u>\$448,297</u>	

Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amounted to NT\$135,886 thousand and NT\$133,645 thousand, respectively.

The assessment of income tax returns

As of December 31, 2022, 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 2020	-
Speed Investment Co., Ltd.	Assessed and approved up to 2020	-
Goyun Security Co., Ltd.	Assessed and approved up to 2020	-
Gowin Building Management and Maintenance Co., Ltd.	Assessed and approved up to 2020	-
Gowin Security Co., Ltd.	Assessed and approved up to 2020	-
KuoHsing Security Co., Ltd.	Assessed and approved up to 2019	-
LeeBao Security Co., Ltd.	Assessed and approved up to 2020	-
LeeBao Technology Co., Ltd.	Assessed and approved up to 2020	-
Lee Way Electronics Co., Ltd.	Assessed and approved up to 2020	-
Titan Star International Co., Ltd.	Assessed and approved up to 2020	-
Goldsun Express & Logistics Co., Ltd.	Assessed and approved up to 2020	-
Goldsun Express Ltd.	Assessed and approved up to 2020	-
Zhong Bao Insurance Services Inc.	Assessed and approved up to 2020	-
Chung Hsing E-Guard Co., Ltd.	Assessed and approved up to 2020	-
SVS Corporation	Assessed and approved up to 2021	-
Brighton Technology and Engineering Corporation	Assessed and approved up to 2020	-
Lots Home Entertainment Co., Ltd.	Assessed and approved up to 2020	-
Aion Technologies Inc.	Assessed and approved up to 2020	-
Ching-Dian Tech Co., Ltd.	Assessed and approved up to 2020	-
Guoyun Technology Co., Ltd.	Assessed and approved up to 2020	-

	The assessment of income tax returns	Notes
Comlink Fire Systems Inc.	Assessed and approved up to 2020	-
TransAsia Catering Services Ltd.	Assessed and approved up to 2019	-
Gowin Smart Parking Co., Ltd.	Assessed and approved up to 2020	-
KuoHsing Rental Co., Ltd.	Assessed and approved up to 2020	-
SIGMU D.P.T. Company Ltd.	Assessed and approved up to 2020	-
Lee Yuan Biomedical Co., Ltd.	Assessed and approved up to 2020	-
Living Plus Food and Beverage Co. Ltd.	Assessed and approved up to 2020	-
Jiansheng International Co., Ltd.	Assessed and approved up to 2020	-
Sunseap Solutions Taiwan Limited	Assessed and approved up to 2020	
Epic Tech Taiwan Inc.	Assessed and approved up to 2020	
Golden Harvest Food Enterprise Ltd.	Assessed and approved up to 2020	
Tai-Shun Shi Ye Co., Ltd.	Assessed and approved up to 2020	
Baohong Technology Co., Ltd.		Established in 2022
Baohwa Trust Co., Ltd	-	Established in 2022
MyStory Entertainment Co., Ltd	-	Established in 2022

(28) 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,	
	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$2,578,741	\$2,526,684
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	441,111	440,923
Basic earnings per share (NT\$)	\$5.85	\$5.73
	For the years ended	

	December 31,	
	2022	2021
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$2,578,741	\$2,526,684
Employee bonus (in thousands)	-	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	<u>\$2,578,741</u>	<u>\$2,526,684</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	441,111	\$440,923
Effect of dilution:		
Employee bonus-stock (in thousands)	302	283
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>441,413</u>	<u>\$441,206</u>
Diluted earnings per share (NT\$)	<u>\$5.84</u>	<u>\$5.73</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.

(29) Business combinations

Acquisition of Golden Harvest Food Enterprise Ltd. and its subsidiary

In order to expand the group's diversified operations and expand the food processing and catering business, the Company acquired 97.84% of voting rights of Golden Harvest Food Enterprise Ltd. on January 3, 2022, and indirectly acquired its 100% subsidiary, Tai-Shun Shi Ye Co., Ltd. After the combination, the Group will use the fresh food, low-temperature freezing technology and manpower of Golden Harvest Food Enterprise Ltd., and combine the advantages of the related catering business in meals and bakery products in the group and the Secom Infinite Plus Internet of Things system, in a parallel integration model, to build a more fulfilling life service platform.

The fair value of the identifiable assets and liabilities of Golden Harvest Food Enterprise Ltd. and its subsidiary as at the date of acquisition were:

	Fair value recognized on the acquisition date
Assets	
Cash and cash equivalents	\$29,662
Financial assets at fair value through profit or loss, current	5,824
Notes and accounts receivable	149,003
Other receivable	3
Current tax assets	858
Inventory	8,974
Prepayments	857

Other current assets	138
Financial assets measured at amortized cost, non-current	971
Property, plant and equipment	422,234
Other assets, non-current	6,745
Total	<u>625,269</u>
Liabilities	
Short-term loans	(19,000)
Short-term bills payable	(50,000)
Notes and accounts payable	(116,186)
Other payables	(30,955)
Other current liabilities	(1,034)
Net defined benefit liabilities, non-current	(2,300)
Total	<u>(219,475)</u>
Identifiable net assets	<u><u>\$405,794</u></u>

Goodwill of Golden Harvest Food Enterprise Ltd. and its subsidiary is as follows:

Purchase consideration	\$520,874
Add: non-controlling interests at fair value (2.16% of identifiable net assets)	8,765
Less: identifiable net assets at fair value	<u>(405,794)</u>
Goodwill	<u><u>\$123,845</u></u>

The fair value and the total contractual amount of the trade receivables amounted to NT\$149,003 thousand and NT\$150,221 thousand, respectively, including expected credit losses NT\$1,218 thousand.

The net assets recognized in the financial statements ended January 3, 2022, were based on a tentative fair value as the Group had sought an independent valuation.

The goodwill of NT\$123,845 thousand comprises the value of expected synergies arising from the acquisition and operations team, which is not separately recognized. The goodwill recognized is not deductible for income tax purposes.

From the acquisition date, goodwill of Golden Harvest Food Enterprise Ltd. and its subsidiary has contributed NT\$678,783 thousand of revenue and NT\$2,334 thousand to the net loss before tax of the Group. If the combination had taken place at the beginning of the year, the amount would be the same.

Analysis of cash flows on acquisition:	
Transaction costs of the acquisition	\$520,874
Net cash acquired with the subsidiary	<u>(29,662)</u>
Net cash flow on acquisition	<u><u>\$491,212</u></u>

The transaction costs including the lawyer consultation fee and acquisition value assessment are included in the administrative expenses.

Acquisition of MyStory Entertainment Co., Ltd.

MyStory Entertainment Co., Ltd. increased its capital through issuance of new shares, a total of 10,200,000 shares, on March 23, 2022. Because all shares are acquired by the Group, the percentage of ownership becomes 97.14%, and consequently the Group recognize non-controlling interests of NT\$2,982 thousand.

Analysis of cash flows on acquisition:

Transaction costs of the acquisition	\$102,000
Net cash acquired with the subsidiary	(104,309)
Net cash flow on acquisition	<u><u>\$(2,309)</u></u>

Acquisition of Baohwa Trust Co., Ltd.

Baohwa Trust Co., Ltd. was established through the issuance of new 5,000,000 shares on January 18, 2022. The Group acquired 3,000,000 of new shares for 60% of ownership, amounting to NT\$30,000 thousand, and consequently recognized non-controlling interests of NT\$20,000 thousand.

Acquisition of Baohong Technology Co., Ltd.

The Group acquired 700,000 shares of Baohong Technology Co., Ltd., for 70% of ownership, amounting to NT\$7,000 thousand in December 2022. As a result, the Group recognized non-controlling interests of NT\$3,000 thousand.

(30) Changes in ownership interests in subsidiaries

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

Epic Tech Taiwan Inc. issued 3,000 thousand new shares through a capital increase, raising a total of NT\$30,000 thousand on May 12, 2022. The Group fully subscribed to the capital increase, thereby increasing its ownership to 98.57%. As a result, the non-controlling interest increased by NT\$283 thousand on May 12, 2022.

MyStory Entertainment Co., Ltd. increased its capital through the issuance of a total of 9,500,000 shares on August 3, 2022. Because all shares are subscribed by the non-controlling interest shareholders, the percentage of ownership for the Group decreased to 51.00%. As a result, non-controlling interests increased by NT\$94,658 thousand.

Acquisition of shares published by subsidiaries

During May and June of 2022, the Group acquired an additional 13.67% of the voting shares of Aion Technologies Inc. from minority shareholders, increasing ownership percentage to 87.42%. A cash consideration of NT\$38,887 thousand was paid to the non-controlling

interest shareholders, therefore non-controlling interest was decreased by NT\$38,887 thousand.

Acquisition of subsidiaries

Please refer to Note 6(29) for the movements in non-controlling interests caused by the acquisition of subsidiaries.

7. Related Party Transactions

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

Name and nature of relationship of the related parties

Related Party Name	The Relationship with the Group
SECOM Co., Ltd.	Entity with joint control or significant influence over the Company
eSkylink Inc.	Associate
Goldsun Building Materials Co., Ltd.	Associate
Anfeng Enterprise Co., Ltd.	Associate
Wellpool Co., Ltd.	Associate
Raixin Quality Products Ltd.	Associate
Kuoyung Construction & Engineering Co., Ltd	Associate
Taipei Port Terminal Company Limited	Associate
HQ Design Co., Ltd. (2021: Wellchang Interior Design and Decoration Co., Ltd.)	Other related party
Hobby Werks Co., Ltd.	Other related party
Cheng-Shin Investment Company	Other related party
Yuan-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,	
	2022	2021
Associates	\$968,153	\$1,059,263

Other related parties	4,651	3,412
Total	<u>\$972,804</u>	<u>\$1,062,675</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,	
	2022	2021
Associates		
Goldsun Building Materials Co., Ltd.	\$121,457	\$142,855
Anfeng Enterprise Co., Ltd.	136,573	113,589
Others	1,353	1,599
Subtotal	<u>259,383</u>	<u>258,043</u>
Other related parties	<u>2,181</u>	<u>140</u>
Total	<u>261,564</u>	<u>258,183</u>
Less: loss allowance	-	-
Net	<u>\$261,564</u>	<u>\$258,183</u>

(3) Trade and other payables to related parties

	As of December 31,	
	2022	2021
Entity with joint control or significant influence over the Company	\$276	\$755
Associates	22,652	22,206
Other related parties	3,129	3,394
Total	<u>\$26,057</u>	<u>\$26,355</u>

(4) Right-of-use asset

	As of December 31,	
	2022	2021
Associates	\$13,800	\$19,458
Other related parties	11,412	20,601
Total	<u>\$25,212</u>	<u>\$40,059</u>

The lease deposits to related parties amounted to NT\$2,024 thousand for both years, as of December 31, 2022, and 2021.

(5) Other current liabilities

	As of December 31,	
	2022	2021
Associates	\$6,137	\$-
Total	\$6,137	\$-

(6) Lease liabilities

	As of December 31,	
	2022	2021
Associates	\$14,120	\$19,744
Other related parties	11,475	20,708
Total	\$25,595	\$40,452

(7) Lease expenditure

	For the years ended December 31,	
	2022	2021
Associates	\$360	\$360
Other related parties	16	10
Total	\$376	\$370

(8) Property transactions

	As of December 31,	
	2022	2021
Entity with joint control or significant influence over the Company	\$1,789	\$5,156
Associates	1,065	1,544
Other related parties	31,170	34,004
Total	\$34,024	\$40,704

(9) 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\$45,480

thousand and NT\$45,606 thousand for the years ended December 31, 2022 and 2021, respectively. The royalty payable was NT\$22,783 thousand and NT\$22,654 thousand as of December 31, 2022 and 2021, respectively, which was recognized as other payables.

(10) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$270,019	\$251,506
Post-employment benefits	2,339	2,099
Total	\$272,358	\$253,605

8. Assets Pledged as Security

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

Assets pledged for security				Carrying amount		Secured liabilities
				December 31, 2022	December 31, 2021	
Financial assets measured at amortized cost, current			at	\$56,670	\$51,510	Contract security deposit
Financial assets measured at amortized cost, non-current			at	121,966	137,154	Contract security deposit and oil passbook guarantee
Property, plant and equipment - land and buildings				435,220	314,272	Long-term and short-term loans
Investment properties - buildings				-	3,185	Short-term loans
Total				\$613,856	\$506,121	

9. Commitments and Contingencies

The performance guarantee issued by bank as of December 31, 2022 for customs declaration and bids for Government projects are NT\$276,076 thousand.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

<u>Financial assets</u>	As of December 31,	
	2022	2021
Financial assets mandatorily at fair value through profit or loss	\$250,832	\$103,210
Financial assets at fair value through other comprehensive income	442,848	474,213
Financial assets measured at amortized cost:		
Cash and cash equivalents	3,709,579	3,211,379
Financial assets measured at amortized cost	389,858	499,532
Trade receivables	1,976,208	1,706,596
Refundable deposits	335,863	350,770
Subtotal	6,411,508	5,768,277
Total	\$7,105,188	\$6,345,700
<u>Financial liabilities</u>	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loans	\$830,000	\$500,000
Short-term bills payable	30,000	50,000
Trade and other payables	3,522,842	3,224,820
Long-term loans (include expired within one year)	4,152,839	3,185,961
Lease liabilities	875,910	643,580
Guarantee deposits	631,423	648,061
Total	\$10,043,014	\$8,252,422

(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, 2022 and 2021 is increased/decreased by NT\$4,526 thousand and NT\$7,388 thousand, respectively.
- B. When NTD strengthens/weakens against RMB by 10%, the profit for the years ended December 31, 2022 and 2021 is increased/decreased by NT\$12 thousand and NT\$81 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\$4,982 thousand and NT\$3,686 thousand for the years ended December 31, 2022 and 2021, 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\$32,003 thousand and NT\$31,403 thousand on the equity attributable to the Group for the years ended December 31, 2022 and 2021, respectively.

Please refer to Note 12(9) 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, 2022 and 2021, 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.

When the credit risk on debt instrument investment has increased, the Group will dispose that investment in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (available without undue cost and effort) is mainly based on the macroeconomic information and the credit loss ratio is further adjusted if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, 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, 2022					
Borrowings	\$3,233,168	1,693,408	5,090	163,637	\$5,095,303
Short-term bills payable	30,000	-	-	-	30,000
Trade and other payables	3,522,842	-	-	-	3,522,842
Lease liabilities	322,240	333,618	148,398	105,399	909,655
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

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Trade and other payables	3,224,820	-	-	-	3,224,820
Lease liabilities	256,598	237,949	84,152	91,014	669,713

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
2022.12.31	\$311,894	\$433,576	\$74,516	\$55,924	\$-	\$875,910
2021.12.31	\$248,791	\$271,601	\$60,394	\$60,407	\$2,387	\$643,580

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 2022 is as follows:

	Short-term loans	Long-term loans	Lease liabilities	Short-term bills payable	Balance of liabilities arising from financing activities
2022.1.1	\$500,000	\$3,185,961	\$643,580	\$50,000	\$4,379,541
Cash flow	311,000	966,878	(346,703)	(70,000)	861,175
Non-cash changes	-	-	579,033	-	579,033
Acquisition	19,000	-	-	50,000	69,000
2022.12.31	\$830,000	\$4,152,839	\$875,910	\$30,000	\$5,888,749

Information of reconciliation for liabilities during 2021 is as follows:

	Short-term loans	Long-term loans	Lease payables	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

(7) Fair values of financial instruments

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- a. The carrying amount of cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their fair value due to their short maturities.
- b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- d. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)
- e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

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

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

Embedded derivatives

The Group entered a Simple Agreement for Future Equity and purchased a Convertible bond in 2022 and 2021, respectively. Please refer to Note 6(2).

(9) 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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Funds	\$1,036	\$-	\$-	\$1,036
Convertible bond	-	-	42,138	42,138
Convertible preferred shares	-	-	28,379	28,379
Simple Agreement for Future Equity	-	-	21,298	21,298
Film and television investment agreement	-	-	157,981	157,981
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	320,039	-	122,809	442,848

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
Convertible bond	-	-	42,138	42,138
Film and television investment agreement	-	-	60,052	60,052
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	314,027	-	160,186	474,213

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, 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				
		fair value through profit or loss			
		Film and television			
		Convertible	investment	Simple Agreement	
	Stock	Convertible bond	preferred shares	agreement	for Future Equity
Beginning balances as of January 1, 2022	\$160,186	\$42,138	\$-	\$60,052	\$-
Total losses recognized for the year ended					
December 31, 2022:					
Amount recognized in profit or loss (presented in “other profit or loss”)	-	-	-	-	-
Amount recognized in OCI (present in unrealized gains or losses on equity instrument investment measured at fair value through other comprehensive income)	(3,692)	-	-	-	-
Acquisition/issue for the year ended					
December 31, 2022	10,640	-	28,379	97,929	21,298
Disposition/acquittance for the year ended					
December 31, 2022	(44,325)	-	-	-	-
Ending balances as of December 31, 2022	\$122,809	\$42,138	\$28,379	\$157,981	\$21,298

	Assets		
	Measured at fair value		
	through other comprehensive income		
		Measured at fair value through profit or loss	
		Convertible	Film and television
	Stock	bond	investment agreement
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 equity instrument investment measured at fair value through other comprehensive income)	41,489	-	-
Acquisition/issue for the year ended December 31, 2021	23,512	42,138	60,052
Disposition/acquittance for the year ended December 31, 2021	(7,727)	-	-
Ending balances as of December 31, 2021	\$160,186	\$42,138	\$60,052

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, 2022

	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 equity by NT\$14,813 thousand
Measured at fair value through profit or loss					
Convertible bond	Market approach	discount for lack of marketability	26%~32%	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\$4,214 thousand
Convertible preferred shares	Market approach	discount for lack of marketability	26%~32%	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\$2,838 thousand
Simple Agreement for Future Equity	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\$2,130 thousand
Film and television investment agreement	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\$15,798 thousand

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	10% increase (decrease) in the discount for lack of marketability would result in increase (decrease) in

					lower the fair value of the stocks	the Group's equity by NT\$17,490 thousand
Measured at fair value through profit or loss						
Film and television investment agreement	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\$6,005 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, 2022

	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)	\$-	\$-	\$74,189	\$74,189
Investments accounted for using the equity method (please refer to Note 6)	4,488,215	-	-	4,488,215

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

(10) Significant assets and liabilities denominated in foreign currencies

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

December 31, 2022		
Foreign	Foreign	NTD (thousand)

	currencies	exchange rate	
<u>Financial assets</u>			
Monetary items:			
USD	\$1,822,356	30.7100	\$55,965
EURO	517	32.7206	17
RMB	26,800	4.4080	118
JPY	6,780,729	0.2324	1,576

Financial liabilities

Monetary items:

USD	348,575	30.710	10,705
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	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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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 gain (loss) was NT\$7,430 thousand and NT\$(1,344) thousand for the years ended December 31, 2022 and 2021, respectively.

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

(11) 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.

(12) The information of parent company shares held by subsidiaries is as follows

Name of subsidiaries	As of December 31, 2022		
	Shares	Amount	Purpose of holding
Speed Investment Co., Ltd.	3,447,198	\$344,721	Financial assets at fair value through other comprehensive income
Kuo Hsing Security Co., Ltd.	3,625,284	362,528	Financial assets at fair value through other comprehensive income
Gowin Building Management and Maintenance Co., Ltd.	982,564	98,256	Financial assets at fair value through other comprehensive income
Goyun Security Co., Ltd.	252,820	25,282	Financial assets at fair value through other comprehensive income
Chung Hsing E-Guard Co., Ltd.	552,655	55,266	Financial assets at fair value through other comprehensive income
Lee Way Electronics Co., Ltd.	163,284	16,328	Financial assets at fair value through other comprehensive income
Golden Harvest Food Enterprise Ltd.	56,000	5,600	Financial assets at fair value through other comprehensive income
Total	9,079,805	\$907,981	

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	10,273,805	\$1,068,476	

(13) Certain 2021 comparative accounts have been reclassified to conform to the current's presentation.

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: Please refer to Attachment 5.
- 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 6.
- I. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock: Please refer to Attachment 7.
- J. Financial instruments and derivative transactions: Please refer to Note 6(2).

(2) Information on investees:

- A. Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to Attachment 8.
- 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 9.
- 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.

(4) Information on major shareholder: Please refer to Attachment 10.

14. Segment information

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

- (1) Electronic system: segment engages in security system related service.
- (2) Security service: segment engages in security guarding related service.
- (3) Cash delivery service: segment engages in cash delivery service.
- (4) Logistics service: segment engages in logistic service.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on accounting policies consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

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

(1) Information on profit or loss, assets and liabilities of the reportable segment:

For the year ended December 31, 2022

	Electronic system segment	Security service segment	Cash delivery segment	Logistics service segment	Subtotal	Other operating segments	Adjustment and elimination	Consolidated
Revenue								
External customer	\$6,846,350	\$2,342,017	\$1,212,755	\$995,939	\$11,397,061	\$3,960,384	\$-	\$15,357,445
Inter-segment	169,030	276,808	409,191	20,701	875,730	1,213,711	(2,089,441)	-
Total revenue	<u>\$7,015,380</u>	<u>\$2,618,825</u>	<u>\$1,621,946</u>	<u>\$1,016,640</u>	<u>\$12,272,791</u>	<u>\$5,174,095</u>	<u>\$(2,089,441)</u>	<u>\$15,357,445</u>
Interest revenue	1,206	1,136	795	558	3,695	10,705	(1,005)	13,395
Interest expenses	46,962	391	10,544	1,869	59,766	7,531	(1,053)	66,244
Depreciation and amortization	1,072,260	9,709	74,564	94,104	1,250,637	262,539	-	1,513,176
Investment profit	-	24,506	-	-	24,506	27,535	-	52,041
Segment profit	<u>\$2,604,045</u>	<u>\$543,443</u>	<u>\$649,539</u>	<u>\$64,723</u>	<u>\$3,861,750</u>	<u>\$805,089</u>	<u>\$ (1,535,646)</u>	<u>\$3,131,193</u>
Assets								

Investment accounted for using								
the equity method	\$11,210,894	\$942,737	\$60,041	\$38,171	\$12,251,843	\$5,408,003	\$(13,429,667)	\$4,230,179
Segment assets	\$21,380,584	\$2,161,961	\$3,029,293	\$1,264,403	\$27,836,241	\$12,468,929	\$(14,401,779)	\$25,903,391
Segment liabilities	\$9,338,859	\$294,582	\$1,258,243	\$533,174	\$11,424,858	\$2,511,595	\$(562,489)	\$13,373,964

For the year ended December 31, 2021

	Electronic system segment	Security 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	\$6,938,878	\$2,591,773	\$1,533,734	\$1,123,818	\$12,188,203	\$3,963,161	\$(2,016,467)	\$14,134,897
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
Investment profit	26,077	-	-	-	26,077	12,641	-	38,718
Segment profit	\$2,555,392	\$503,247	\$571,362	\$63,320	\$3,693,321	\$836,320	\$(1,444,196)	\$3,085,445
Assets								
Investment accounted for using								
the equity method	\$9,789,895	\$868,336	\$52,781	\$37,321	\$10,748,333	\$4,980,449	\$(11,616,671)	\$4,112,111
Segment assets	\$19,617,219	\$2,137,193	\$3,149,609	\$1,174,646	\$26,078,667	\$10,531,372	\$(13,057,095)	\$23,552,944
Segment liabilities	\$8,009,001	\$351,353	\$1,662,360	\$450,755	\$10,473,469	\$1,704,446	\$(643,550)	\$11,534,365

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,	
	2022	2021
Total revenue from reportable segments	\$12,272,791	\$12,188,203
Other revenue	5,174,095	3,963,161
Elimination of inter-segment revenue	(2,089,441)	(2,016,467)
Total revenue	\$15,357,445	\$14,134,897

B. Profit or loss:

	For the years ended December 31,	
	2022	2021

Total profit or loss for reportable segments	\$3,861,750	\$3,693,321
Other profit	805,089	836,320
Elimination of inter-segment profit	(1,535,646)	(1,444,196)
Profit before tax from continuing operations	<u>\$3,131,193</u>	<u>\$3,085,445</u>

C. Assets:

	As of December 31,	
	2022	2021
Total assets of reportable segments	\$27,836,241	\$26,078,667
Other assets	12,468,929	10,531,372
Elimination of investment accounted for using the equity method	(13,429,667)	(11,616,671)
Elimination of intersegment activities	(972,112)	(1,440,424)
Segment assets	<u>\$25,903,391</u>	<u>\$23,552,944</u>

D. Liabilities:

	As of December 31,	
	2022	2021
Total liabilities of reportable segments	\$11,424,858	\$10,473,469
Other liabilities	2,511,595	1,704,446
Elimination of intersegment activities	(562,489)	(643,550)
Segment liabilities	<u>\$13,373,964</u>	<u>\$11,534,365</u>

E. Other material items:

For the year ended December 31, 2022

	Reportable segments	Other operating segments	Adjustments	Consolidated
Interest income	\$3,695	\$10,705	\$(1,005)	\$13,395
Interest expenses	59,766	7,531	(1,053)	66,244
Depreciation and amortization	1,250,637	262,539	-	1,513,176
Investment profit	24,506	27,535	-	52,041

For the year ended December 31, 2021

	Reportable segments	Other operating segments	Adjustments	Consolidated
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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
Investment profit	26,077	12,641	-	38,718

(3) Geographical information

Revenue from external customers

	For the years ended	
	December 31,	
	2022	2021
Taiwan	\$15,357,445	\$14,134,897

Attachment 1

Significant intercompany transactions between consolidated entities

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

(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 2022</u>						
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Revenues	\$(33,751)	Note 4	-
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Costs	259,342	Note 4	2%
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Accrued expenses	21,856	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Costs	134,617	Note 4	1%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Accounts payable	64,396	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Notes payable	117,428	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Refundable deposits	30,000	-	-
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Costs	117,907	Note 4	1%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Accounts payable	17,054	-	-
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Notes payable	18,932	-	-
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	1	Revenues	18,828	Note 4	-
0	Taiwan Secom Co., Ltd.	Ching-Dian Tech Co., Ltd.	1	Revenues	36,738	Note 4	-
0	Taiwan Secom Co., Ltd.	Ching-Dian Tech Co., Ltd.	1	Accounts receivable	7,153	-	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Revenues	46,743	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Costs	7,648	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Accounts receivable	11,170	-	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Revenues	41,625	Note 4	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Costs	13,176	Note 4	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Accounts receivable	40,528	-	-
0	Taiwan Secom Co., Ltd.	Gowin Building Management Services Co., Ltd.	1	Revenues	15,852	Note 4	-
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	1	Revenues	10,326	Note 4	-
1	Titan Star International Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	629,507	Note 4	4%
2	Aion Technologies Inc.	Taiwan Secom Co., Ltd.	2	Revenues	246,572	Note 4	2%
3	Goyun Security Co., Ltd.	KuoHsing Security Co., Ltd.	3	Revenues	60,433	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	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual	Limit of total financing amount
													Item	Value		
1	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd	Other receivables - related parties	Yes	\$1,600,000	\$174,000	\$-	Refer to the market Interest Rate	(Note 6(2))	\$-	Business turnover	\$-	-	\$-	\$2,408,345 (Note 1 (2))	\$4,816,690 (Note 2)
2	Taiwan Secom Co., Ltd	Titan Star International Co., Ltd	Other receivables - related parties	Yes	600,000	197,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
3	Taiwan Secom Co., Ltd	Gowin Building Management and Maintenance Co., Ltd	Other receivables - related parties	Yes	300,000	91,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
4	Taiwan Secom Co., Ltd	KuoHsing Security Co., Ltd	Other receivables - related parties	Yes	111,000	111,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
5	Taiwan Secom Co., Ltd	Brighton Technology and Engineering Corporation	Other receivables - related parties	Yes	35,000	35,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
6	Taiwan Secom Co., Ltd	Trans Asia Catering Services Ltd	Other receivables - related parties	Yes	79,000	79,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
7	Taiwan Secom Co., Ltd	Goyun Security Co., Ltd	Other receivables - related parties	Yes	61,000	61,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
8	Speed Investment Co., Ltd	Lots Home Entertainment Co., Ltd	Other receivables - related parties	Yes	60,000	60,000	33,000	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	764,015 (Note 3 (2))	1,528,031 (Note 4)
9	Speed Investment Co., Ltd	SIGMU D.P.T. Company Ltd	Other receivables - related parties	Yes	50,000	50,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	764,015 (Note 3 (2))	1,528,031 (Note 4)
10	Speed Investment Co., Ltd	Living Plus Food & Beverage Co., Ltd	Other receivables - related parties	Yes	20,000	20,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	764,015 (Note 3 (2))	1,528,031 (Note 4)

Note 1 : 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 2 : 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 3 : 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 4 : 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 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 latest financial statement	Limit of total guarantee/ endorsement amount	Guarantee provided by parent company (Note 9)	Guarantee provided by a subsidiary (Note 9)	Guarantee provided to subsidiaries in Mainland China (Note 9)
		Company name	Relationship										
0	Taiwan Secom Co., Ltd.	Gowin Building Management Services Co., Ltd.	(Note 3)	\$3,612,518 (Note 4)	\$450,000	\$175,847	\$75,847	\$-	1.46%	\$6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Gowin Smart Parking Co., Ltd.	(Note 3)	3,612,518 (Note 4)	136,300	74,300	24,300	-	0.62%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	(Note 1)	3,612,518 (Note 4)	50,000	-	-	-	0.00%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	(Note 3)	3,612,518 (Note 4)	1,200,000	1,000,000	-	-	8.30%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	(Note 3)	3,612,518 (Note 4)	500,000	180,000	-	-	1.49%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	SIGMU D.P.T. Company Ltd.	(Note 3)	3,612,518 (Note 4)	30,000	-	-	-	0.00%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	(Note 3)	3,612,518 (Note 4)	200,000	100,000	-	-	0.83%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	TransAsia Catering Services Ltd.	(Note 3)	3,612,518 (Note 4)	300,000	296,000	296,000	-	2.46%	6,020,863 (Note 4)	Y	N	N
1	Aion Technologies Inc.	Brightron Technology and Engineering Corporation	(Note 3)	60,802 (Note 5)	1,400	1,400	1,400	-	0.46%	60,802 (Note 5)	N	N	N
2	Gowin Building Management and Maintenance Co., Ltd.	Taiwan Secom Co., Ltd.	(Note 2)	3,612,518 (Note 6)	3,850	3,310	3,310	-	0.35%	6,020,863 (Note 6)	N	Y	N
2	Gowin Building Management and Maintenance Co., Ltd.	Gowin Smart Parking Co., Ltd.	(Note 3)	3,612,518 (Note 6)	50,000	50,000	-	-	5.26%	6,020,863 (Note 6)	N	N	N
3	Speed Investment Co., Ltd.	Sunseap Solutions Taiwan Limited	(Note 1)	3,612,518 (Note 7)	10,000	10,000	-	-	0.26%	6,020,863 (Note 7)	N	N	N
4	Goyun Security Co., Ltd.	Goyun Technology Co., Ltd.	(Note 3)	59,593 (Note 8)	50,000	50,000	-	-	7.88%	6,020,863 (Note 8)	N	N	N

Note 1: The Company directly and indirectly holds more than 50% of the voting shares

Note 2: A company that directly and indirectly holds more than 50% of the voting shares in the Company.

Note 3: A company that directly and indirectly holds more than 90% of the voting shares in the Company.

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

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

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

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

Note 5: 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 6: 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 7: 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 8: 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 KuoHsing 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 9: 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

Securities held for the year ended December 31, 2022 (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	446,525	\$39,919	0.75%	\$89.40	
	Unlisted companies stocks-							
	BlissCloud Group Holdings Corp	-	Financial assets at fair value through other comprehensive income-non-current	987,762	-	4.41%	-	
	Top Taiwan Viii Venture Capital Co., Ltd	-	Financial assets at fair value through other comprehensive income-non-current	905,666	10,833	2.08%	11.96	
	GAMA Pay Co., Ltd	-	Financial assets at fair value through other comprehensive income-non-current	1,657,366	4,326	2.07%	2.61	
	GENIRON.COM Inc	-	Financial assets at fair value through other comprehensive income-non-current	1,591,367	39,529	10.61%	24.84	
	Raixin Quality Products Ltd	-	Financial assets at fair value through other comprehensive income-non-current	1,578,976	2,953	11.28%	1.87	
	Inline Group Limited (Convertible Preferred Shares)	-	Financial assets at fair value through profit or loss-non-current	100,000	28,379	1.50%	283.79	
<u>Lee Way Electronics Co., Ltd.</u>	Convertible Bond-							
	Inline group Limited-USD 1,500,000	-	Financial assets at fair value through profit or loss-current	-	42,138	-	42,138	
<u>Lee Bao Technology Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd	Parent Company	Financial assets at fair value through other comprehensive income-current	163,284	16,328	0.04%	100.00	
<u>Ching-Dian Tech Co., Ltd.</u>	Unlisted companies stocks-							
	Huijia Health Life Technology Co., Ltd	-	Financial assets at fair value through other comprehensive income-non-current	50,000	102	0.25%	2.04	
<u>Ching-Dian Tech Co., Ltd.</u>	Unlisted companies stocks-							
	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,239,180	30,781	8.26%	24.84	
<u>Tital Star International Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Taxi Co., Ltd	-	Financial assets at fair value through other comprehensive income-current	54,100	4,837	0.09%	89.40	
	Kinpo Electronics, Inc	-	Financial assets at fair value through other comprehensive income-current	480,000	6,480	0.03%	13.50	
<u>Golden Harvest Food Enterprose Ltd.</u>	Unlisted companies stocks-							
	International Integrated Systems, Inc	-	Financial assets at fair value through other comprehensive income-non-current	497,227	7,200	0.68%	14.48	
<u>Golden Harvest Food Enterprose Ltd.</u>	Oriental Life Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	182,500	6,220	7.30%	34.08	
<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	55,266	0.12%	100.00	
<u>Golden Harvest Food Enterprose Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd	Parent Company	Financial assets at fair value through other comprehensive income-current	56,000	5,600	0.01%	100.00	

Securities held for the year ended December 31, 2022 (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	\$362,528	0.80%	\$100.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	281,000	18,574	0.78%	66.10	
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	470,837	42,093	0.79%	89.40	
<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	982,564	98,256	0.22%	100.00	
<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	9,840	15.00%	221.36	
	Daxiao Creative Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,000,000	250	6.90%	0.25	
	Yiyi Pictures Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	44,000	1,767	5.50%	40.16	
	Film and television investment agreement		Financial assets at fair value through profit or loss-non-current	-	61,101	0.00%	61,101	
<u>Govun 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	25,282	0.06%	100.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	181,500	11,997	0.50%	66.10	
<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	344,721	0.76%	100.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	302,500	19,995	0.84%	66.10	
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	11,000	983	0.02%	89.40	
	Unlisted companies stocks-							
	Top Taiwan VI Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	167,500	1,354	2.17%	8.08	
	Mingfu Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	100,000	468	9.09%	4.68	
	Yuji Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	431,250	6,745	3.75%	15.64	
	Imperial Food Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	300,000	441	3.00%	1.47	
	Simple agreement for Future equity (SAFE) AUTOPASS, INC	-	Financial assets at fair value through profit or loss-current	-	21,298	-	21,298.00	
	Fund-							
	AsiaVest Opportunities Fund	-	Financial assets at fair value through profit or loss-current	200	1,036	1.18%	US\$168.83	
<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	141,823	5.68%	8.32	
<u>Aion Technologies Inc.</u>	Listed companies stocks-							
	Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	366,345	32,751	0.62%	89.40	
	Taiwan Shin Kong Security Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	15,000	587	0.00%	39.13	
<u>MyStory Entertainment Co., Ltd.</u>	Film and television investment agreement	-	Financial assets at fair value through profit or loss-non-current	-	96,880	-	96,880	

Attachment 5 : Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Amounts in Thousands of New Taiwan Dollars														
Purchaser/Seller	Type and name of securities	Account	counterparty	Relationship with the counterparty	Beginning of the period		Buy		Sell				End of period	
					Shares	Amounts	Shares	Amounts	Shares	Selling price	Book value	Disposal (loss) profit	Shares	Amounts (Note 2)
Taiwan Secom Co., Ltd.	Golden Harvest Food Enterprose Ltd.	Investrment accounted for using the equity method	Note 1	Note 1	-	\$-	12,010,227	\$520,874	\$-	\$-	\$-	\$-	12,010,227	\$520,193

Note 1 : 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., which amounted to NT\$520,874 thousand, from the original shareholder on January 2022. The percentage of ownership is 97.84%

Note 2 : The amount at the end of period included share of profit or loss of associates accounted for using the equity method.

Related party transactions for purchases and sales amounts exceeding NTS100 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	\$246,572	Note 1	30-60 days	-	-	\$(17,054)	3%	
	Anfeng Enterprise Co., Ltd	Investee accounted for using the equity method	Sales	258,455	4%	30-60 days	-	-	130,862	12%	
	LeeBao Security Co., Ltd.	Subsidiary accounted for using the equity method	Purchase	259,342	7%	30-60 days	-	-	(21,856)	3%	
	Titan Star International Co., Ltd.	Subsidiary accounted for using the equity method	Note 2	629,507	Note 2	30-60 days	-	-	(64,396)	10%	
<u>Goldsun Express & Logistics Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Investee accounted for using the equity method	Note 3	(493,771)	Note 3	30 days	-	-	102,165	9%	

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 7

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	\$130,862	2.16	\$-	-	\$42,701	\$-

Attachment 8-1

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

※ Investee company accounted for using the equity method

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

Investor company	Investee company	Location	Main businesses and products	Initial Investment		Ending balance			Net income (loss) of investee company	Investment income (loss) recognized	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Book value			
Taiwan Secom Co., Ltd.	Speed Investment Co., Ltd.	Taipei City	Investment holding	\$198,200	\$138,200	285,697,519	100.00%	\$3,192,308	\$299,880	\$229,488	
	LeeBao Security Co., Ltd.	Taipei City	Security services providing	198,006	198,006	103,983,458	100.00%	1,770,928	313,865	313,744	
	Goyun Security Co., Ltd.	Kaohsiung City	Security services providing	40,034	40,034	27,705,510	100.00%	603,439	138,297	137,033	
	Chung Hsing E-Guard Co., Ltd.	Taipei City	Sales of electric, telecommunications and fireproof products	20,000	20,000	2,000,000	100.00%	11,503	2,722	(16)	
	Goldsun Express & Logistics Co., Ltd.	New Taipei City	Air cargo transporting services	613,878	613,878	59,464,914	100.00%	693,819	49,982	50,154	
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	-	-	29,321,619	83.77%	626,467	231,464	178,388	
	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	101,911	101,911	28,463,488	80.96%	635,825	246,911	188,949	
	Aion Technologies Inc.	Taipei City	Technology support services	178,243	139,356	15,102,440	87.42%	235,714	36,615	29,136	
	Taiwan Secom Insurance Brokerage Services Inc.	Taipei City	Insurance broker	13,063	13,063	912,600	90.00%	27,985	6,211	5,589	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	87,125	87,125	6,858,894	34.29%	124,331	79,493	31,409	
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital media and movie distribution	186,480	186,480	683,920	1.93%	4,030	17,772	275	
	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%	683,380	(32,212)	(18,189)	
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	6,776	6,776	2,085,434	5.18%	16,394	(142,903)	(10,425)	
	Golden Harvest Food Enterprise Ltd.	Taipei City	Catering services	520,874	-	12,010,227	97.84%	520,193	5,393	4,869	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	1,257,922	1,257,922	77,705,747	6.59%	1,747,174	4,132,218	271,642	
	TransAsia Airways Corp.	Taipei City	Aviation services	833,409	833,409	76,245,604	10.05%	-	-	-	Note 1
	Tech Elite Holdings Ltd.	Hong Kong	Investment holding	66,416	66,416	2,000,000	39.22%	-	-	-	
	Anfeng Enterprise Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	10,820	10,820	900,000	30.00%	15,238	6,667	2,001	
	HuaYa Development Co., Ltd.	Taipei City	Operating hotel and sales of cement products and asbestos waves	314,899	314,899	25,512,892	42.52%	290,086	(6,928)	(3,252)	
	GALC Inc.	Taipei City	Manufacturing of metal structures and building components	9,000	9,000	900,000	30.00%	12,080	9,694	3,032	
Speed Investment Co., Ltd.	Titan Star International Co., Ltd.	Taipei City	Manufacturing, selling and processing of security-related equipment and parts	272,396	272,396	119,306,110	100.00%	2,070,816	308,504	308,504	
	Jiansheng International Co., Ltd.	Taipei City	Medical equipment and AED rental services	20,000	20,000	2,000,000	100.00%	20,343	262	249	
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital media and movie distribution	375,568	375,568	29,865,578	84.10%	176,448	17,772	13,414	
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	147,780	147,780	13,992,000	93.28%	158,975	16,375	16,715	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	103,446	103,446	9,385,856	46.93%	187,307	79,493	38,276	
	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%	71,525	(32,212)	(1,794)	
	Taiwan Secom Insurance Brokerage Services Inc.	Taipei City	Insurance broker	1,927	1,927	101,400	10.00%	3,109	6,211	621	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	89,181	89,181	8,472,699	0.72%	167,511	4,132,218	29,645	
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	124,740	124,740	28,201,692	70.00%	255,103	(142,903)	(80,828)	
	Sunscap Solutions Taiwan Limited	Taipei City	Catering services	15,300	15,300	1,530,000	51.00%	8,150	(9,207)	(4,696)	
	Epic Tech Taiwan Inc.	Taipei City	Energy-saving solutions technology	55,200	31,200	5,520,000	78.86%	14,812	(18,977)	(17,237)	
	MyStory Entertainment Co., Ltd.	Taipei City	Video content development and investment	102,000	-	10,200,000	51.00%	98,999	(5,149)	(3,001)	
	Baohwa Trust Co., Ltd.	Taipei City	Information Security Services	30,000	-	3,000,000	60.00%	19,900	(16,833)	(10,100)	
	Livingplus Food and Beverage Co., Ltd.	Taipei City	Catering services	20,000	-	2,000,000	94.67%	16,594	(8,442)	(3,406)	
Titan Star International Co., Ltd.	eSkylink Inc.	Taipei City	Telecom value-added network services	7,301	7,301	884,016	19.71%	25,428	39,515	9,922	
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	30,244	30,244	2,303,654	5.72%	32,000	(142,903)	(6,651)	
	TransAsia Airways Corp.	Taipei City	Aviation Services	54,007	54,007	4,405,028	0.58%	-	-	-	Note 1
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	317,979	368,654	50,923,710	3.72%	890,096	4,132,218	176,792	
	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%	63,673	(32,212)	(2,240)	

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

※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>Goldsun Express & Logistics Co., Ltd.</u>	Goldsun Express Ltd.	New Taipei City	The custom broker services	\$26,833	\$26,833	3,361,248	100.00%	\$38,171	\$2,208	\$2,208	
<u>Gowin 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%	48,502	246,911	15,524	Note 1
	TransAsia Airways Corp.	Taipei City	Aviation Services	28,978	28,978	1,635,080	0.22%	-	-	-	
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	10,080	10,080	1,008,000	6.72%	11,366	16,375	1,174	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	42,045	69,882	4,531,136	0.38%	72,052	4,132,218	21,536	
	Guoyun Technology Co., Ltd.	Kaohsiung City	Car parking lot services	150,000	150,000	15,000,000	100.00%	132,026	2,616	2,615	
	Lots Home Entertainment Co., Limited	Taipei City	Digital media and movie distribution	1,814	1,814	1,240,688	3.49%	76,875	17,772	453	
<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%	140,909	246,911	32,500	Note 1
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	20,020	20,020	1,804,972	9.02%	39,174	79,493	7,142	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	287,475	287,478	16,300,599	1.38%	367,364	4,132,218	56,939	
	TransAsia Airways Corp.	Taipei City	Aviation Services	47,581	47,581	4,360,832	0.57%	-	-	-	
	KuoHsing Rental Co., Ltd.	New Taipei City	Mini-Storage rental services	10,000	10,000	1,000,000	100.00%	8,232	560	560	
	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%	45,237	(32,212)	(1,641)	
<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%	84,097	18,022	18,022	Note 1
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	12,515	12,515	506,692	1.45%	16,872	231,464	2,813	
	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	79,807	65,894	4,479,913	0.38%	88,497	4,132,218	14,122	
	Gowin Smart Parking Co., Ltd.	Taipei City	Car parking lot services	50,000	50,000	5,000,000	100.00%	60,001	18,670	18,805	
<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%	97,883	35,879	35,879	
	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%	32,209	(32,212)	(1,459)	
<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%	53,552	3,051	3,051	
	Baohong Technology Co., Ltd.	Taipei City	Network authentication service	6,500	-	650,000	65.00%	6,489	(17)	(11)	
<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%	86,530	(142,903)	(20,390)	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	76,600	76,600	3,499,811	0.30%	89,659	4,132,218	11,391	
	Epic Tech Taiwan Inc.	Taipei City	Information management platform	13,800	7,800	1,380,000	19.71%	3,703	(18,977)	(4,309)	
<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%	21,252	7,256	1,914	
	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	205,172	194,053	7,931,574	0.67%	199,452	4,132,218	29,325	
	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	14,180	14,180	112,700	5.33%	323	(8,442)	(5,274)	
<u>Ching-Dian Tech Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	101,478	101,486	4,145,000	0.35%	106,237	4,132,218	14,510	
<u>Lots Home Entertainment Co., Limited</u>	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	66,118	66,118	6,760,906	0.57%	132,613	4,132,218	23,690	
<u>Living Plus Food & Beverage Co., Ltd.</u>	Pony Drink Dream Co., Ltd.	Taipei City	Catering services	7,000	7,000	700,000	35.00%	5,440	(4,670)	(1,436)	
<u>Golden Harvest Food Enterprise Ltd.</u>	Tai-Shun Shi Ye Co., Ltd.	Taoyuan City	Garment Industry	29,900	-	2,990,000	100.00%	28,375	1,439	1,439	
<u>Brighton Technology and Engineering Corporation</u>	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	100,281	100,281	3,080,800	100.00%	58,008	(37,289)	(34,310)	
	Conlink Fire Systems Inc.	Taoyuan City	Wholesale of fire safety equipment	40,917	40,917	206,250	100.00%	15,564	(306)	(373)	
<u>LeeBao Technology Co., Ltd.</u>	Baohong Technology Co., Ltd.	Taipei City	Network authentication service	500	-	50,000	5.00%	499	(17)	(1)	

(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2022
					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 China as of 2022/12/31	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
\$-	\$120,801	\$7,517,657

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 10

Major Shareholders Information

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

Name	Shares	Number of shares	Percentage of ownership (%)
SECOM CO. LTD		123,110,870	27.29%
Shin Kong Life Insurance Co., Ltd		34,908,205	7.73%

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, 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, and its financial performance and cash flows for the years ended December 31, 2022 and 2021, 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 Standards on Auditing of 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 2022 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\$7,287,460 thousand for the year ended December 31, 2022, 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 Standards on Auditing of 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 Standards on Auditing of 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 2022 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.

Liu, Hui-Yuan

Wang, Hsuan-Hsuan

Ernst & Young, Taiwan

March 14, 2023

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 Standards on Auditing of Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
December 31, 2022 and December 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current assets					
Cash and cash equivalents	4 and 6	\$936,635	4	\$719,608	4
Financial assets at fair value through profit or loss, current	4, 5 and 6	42,138	-	-	-
Financial assets at fair value through other comprehensive income, current	4, 5 and 6	39,919	-	37,029	-
Contract assets, current	4 and 6	11,900	-	23,082	-
Notes receivable, net	4, 5 and 6	162,986	1	138,957	1
Accounts receivable, net	4, 5 and 6	664,729	3	584,391	3
Accounts receivable from related parties, net	4, 6 and 7	199,737	1	161,551	1
Finance lease receivables, net	4, 5 and 6	80,831	1	69,127	-
Inventories, net	4 and 6	172,058	1	187,598	1
Prepayments		485,718	2	471,372	2
Other current assets		73,573	-	122,870	1
Total current assets		<u>2,870,224</u>	<u>13</u>	<u>2,515,585</u>	<u>13</u>
Non-current assets					
Financial assets at fair value through profit or loss, non-current	4, 5 and 6	28,379	-	42,138	-
Financial assets at fair value through other comprehensive income, non-current	4, 5 and 6	57,641	-	81,108	1
Financial assets measured at amortised cost, non-current	4, 6 and 8	11,500	-	11,500	-
Investments accounted for using the equity method	4, 5 and 6	11,210,894	53	9,789,895	50
Property, plant and equipment	4, 6 and 7	5,799,589	28	4,774,395	24
Right-of-use assets, net	4, 6 and 7	236,322	1	156,720	1
Investment property, net	4, 5 and 6	281,674	1	281,900	1
Intangible assets	4 and 6	108,219	1	66,855	-
Deferred tax assets	4, 5 and 6	316,859	1	326,052	2
Prepayment for equipment		10,887	-	1,089,870	6
Refundable deposits	7	233,203	1	234,344	1
Long-term receivables	5 and 6	38,376	-	36,885	-
Long-term financial lease receivables	4, 5 and 6	143,359	1	180,836	1
Other assets, non-current		33,458	-	29,135	-
Total non-current assets		<u>18,510,360</u>	<u>87</u>	<u>17,101,633</u>	<u>87</u>
Total assets		<u>\$21,380,584</u>	<u>100</u>	<u>\$19,617,218</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, 2022 and December 31, 2021
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
Current liabilities					
Short-term loans	4 and 6	\$800,000	3	\$300,000	2
Contract liabilities, current	4 and 6	1,296,105	6	1,176,341	6
Notes payable		205,342	1	99,237	1
Notes payable to related parties	7	155,622	1	149,827	1
Accounts payable		200,247	1	266,504	1
Accounts payable to related parties	7	83,167	-	74,987	-
Other payables	7	653,409	3	615,554	3
Current tax liabilities	4, 5 and 6	142,437	1	142,065	1
Lease liabilities, current	6 and 7	133,137	1	81,825	-
Current portion of long-term loans	4 and 6	2,300,000	11	1,140,000	6
Other current liabilities		74,431	-	71,298	-
Total current liabilities		6,043,897	28	4,117,638	21
Non-current liabilities					
Contract liabilities, non-current	4 and 6	12,237	-	18,901	-
Long-term loans	4 and 6	1,400,000	7	1,900,000	10
Provisions, non-current	4	7,200	-	7,200	-
Lease liabilities, non-current	6 and 7	102,306	-	73,660	-
Long-term notes payables and accounts payables	4	-	-	15,860	-
Net defined benefit liabilities, non-current	4, 5 and 6	1,207,446	6	1,291,925	7
Guarantee deposits	6	565,773	3	583,817	3
Total non-current liabilities		3,294,962	16	3,891,363	20
Total liabilities		9,338,859	44	8,009,001	41
Equity attributable to the parent					
Capital					
Common stock	6	4,511,971	21	4,511,971	23
Capital surplus	6	906,891	4	824,811	4
Retained earnings	6				
Legal reserve		4,220,058	19	3,970,792	20
Special reserve		15,352	-	100,384	1
Unappropriated earnings		2,741,795	13	2,504,000	13
Other components of equity	4 and 6	(91,087)	-	(15,352)	-
Treasury stock	4 and 6	(263,255)	(1)	(288,389)	(2)
Total equity		12,041,725	56	11,608,217	59
Total liabilities and equity		\$21,380,584	100	\$19,617,218	100

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

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2022		2021	
		Amount	%	Amount	%
Operating revenue	4 and 7	\$7,318,357	100	\$7,215,142	100
Less : Sales returns and allowances		(30,897)	-	(35,111)	-
Net revenue	6	7,287,460	100	7,180,031	100
Operating costs	6 and 7	(3,848,618)	(53)	(3,742,818)	(52)
Gross profit		3,438,842	47	3,437,213	48
Operating expenses	6 and 7				
Sales and marketing expenses		(705,069)	(10)	(628,139)	(9)
General and administrative expenses		(1,181,626)	(16)	(1,139,324)	(16)
Research and development expenses		(108,624)	(1)	(100,143)	(1)
Expected credit losses		(10,987)	-	(4,900)	-
Subtotal		(2,006,306)	(27)	(1,872,506)	(26)
Operating income		1,432,536	20	1,564,707	22
Non-operating income and loss					
Interest income	6 and 7	1,206	-	1,622	-
Other income	6	25,471	-	17,868	2
Other gains and losses	6 and 7	50,047	1	91,674	-
Finance costs	6	(46,962)	(1)	(32,004)	(1)
Share of profit or loss of associates accounted for using the equity method		1,413,827	19	1,152,677	16
Subtotal		1,443,589	19	1,231,837	17
Income before tax		2,876,125	39	2,796,544	39
Income tax expenses	4, 5 and 6	(297,384)	(4)	(269,860)	(4)
Net income		2,578,741	35	2,526,684	35
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit plans	6	12,866	-	(35,485)	-
Unrealized (losses) gains on financial assets at fair value through other comprehensive income	6	(17,554)	-	34,385	-
Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss	6	(31,482)	-	45,614	1
Income tax related to items that will not be reclassified	6	(1,544)	-	4,258	-
Items that may be reclassified subsequently to profit or loss					
Share of other comprehensive income (loss) of associates and joint ventures-may be reclassified subsequently to profit or loss	6	41,253	-	(6,159)	-
Total other comprehensive income (loss), net of tax		3,539	-	42,613	1
Total comprehensive income		<u>\$2,582,280</u>	<u>35</u>	<u>\$2,569,297</u>	<u>36</u>
Earnings per share (NT\$)	4 and 6				
Basic earnings per share		<u>\$5.85</u>		<u>\$5.73</u>	
Diluted earnings per share		<u>\$5.84</u>		<u>\$5.73</u>	

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

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended December 31, 2022 and 2021
(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		
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
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)
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>
Balance as of January 1, 2022	\$4,511,971	\$824,811	\$3,970,792	\$100,384	\$2,504,000	\$(102,361)	\$87,009	\$(288,389)	\$11,608,217
Appropriations and distributions of 2021 unappropriated earnings									
Legal reserve	-	-	249,266	-	(249,266)	-	-	-	-
Special reserve	-	-	-	(85,032)	85,032	-	-	-	-
Cash dividends	-	-	-	-	(2,255,986)	-	-	-	(2,255,986)
Other changes in capital reserve									
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	5,020	-	-	-	-	-	-	5,020
Net income in 2022	-	-	-	-	2,578,741	-	-	-	2,578,741
Other comprehensive (loss) income, net of tax in 2022	-	-	-	-	50,271	41,253	(87,985)	-	3,539
Total comprehensive income	-	-	-	-	2,629,012	41,253	(87,985)	-	2,582,280
Acquisition of company's share by subsidiaries recognized as treasury stock	-	-	-	-	-	-	-	(5,824)	(5,824)
Disposal of company's share by subsidiaries recognized as treasury stock transaction	-	28,054	-	-	-	-	-	30,958	59,012
Parent company's cash dividends received by subsidiaries	-	49,006	-	-	-	-	-	-	49,006
Disposal of equity instrument at fair value through other comprehensive income by subsidiaries	-	-	-	-	28,900	-	(28,900)	-	-
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	103	-	(103)	-	-
Balance as of December 31, 2022	<u>\$4,511,971</u>	<u>\$906,891</u>	<u>\$4,220,058</u>	<u>\$15,352</u>	<u>\$2,741,795</u>	<u>\$(61,108)</u>	<u>\$(29,979)</u>	<u>\$(263,255)</u>	<u>\$12,041,725</u>

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

TAIWAN SECOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

Description	2022	2021
Cash flows from operating activities:		
Profit before tax from continuing operations	\$2,876,125	\$2,796,544
Income before tax	2,876,125	2,796,544
Adjustments to reconcile income before tax to net cash provided by operating activities:		
Expected credit losses	10,987	4,900
Depreciation	1,023,718	1,022,230
Amortization	48,542	43,673
Interest expense	46,962	32,004
Interest income	(1,206)	(1,622)
Dividend income	(7,676)	(2,242)
Share of gain of associates and accounted for using the equity method	(1,413,827)	(1,152,677)
Gain on lease modification	(3)	-
Gain on disposal of property, plant and equipment	(5,110)	(2,851)
Gain on disposal of investments	-	(26,077)
Impairment loss	45,000	22,330
Changes in operating assets and liabilities:		
Contract assets	11,182	(4,279)
Notes receivable, net	(24,029)	4,450
Notes receivable from related parties, net	-	581
Accounts receivable, net	(91,325)	(23,959)
Accounts receivable from related parties, net	(38,186)	(62,927)
Finance lease receivables	25,773	(33,427)
Long-term receivables	(1,491)	(3,593)
Contract liabilities	113,100	(5,787)
Inventories, net	(172,931)	(198,503)
Prepayments	(14,346)	(146,596)
Other current assets	49,297	(57,751)
Notes payable	106,105	(53,329)
Notes payable to related parties	5,795	103,019
Accounts payable	(82,117)	102,357
Accounts payable to related parties	8,180	19,776
Other payables	37,855	62,154
Other current liabilities	3,133	3,187
Net defined benefit liabilities, non-current	(71,613)	(68,581)
Cash generated from operations	2,487,894	2,373,004
Interest received	1,206	1,622
Interest paid	(44,440)	(29,712)
Income tax paid	(289,362)	(295,748)
Net cash provided by operating activities	2,155,298	2,049,166
Cash flows from investing activities:		
Acquisition of financial assets at fair value through profit or loss	(28,379)	(42,138)
Acquisition of financial assets at fair value through other comprehensive income	(152)	(17,260)
Disposal of financial assets at fair value through other comprehensive income	314	-
Capital deducted by cash of financial assets at fair value through other comprehensive income	2,860	2,178
Acquisition of investments accounted for using the equity method	(619,761)	(22,945)
Capital deducted by cash of investments accounted for using the equity method	-	358,200
Acquisition of property, plant and equipment	(727,095)	(705,595)
Proceeds from disposal of property, plant and equipment	7,756	7,353
Acquisition of intangible assets	(89,906)	(41,277)
(Increase) decrease in prepayment for equipment	87,553	(58,829)
Decrease (Increase) in refundable deposits	1,141	(16,788)
Increase in other assets	(4,323)	(25,343)
Dividends received	692,250	656,035
Net cash (used in) provided by investing activities	(677,742)	93,591
Cash flows from financing activities:		
Increase (decrease) in short-term loans	500,000	(1,100,000)
Increase in long-term loans	1,300,000	1,400,000
Decrease in long-term loans	(640,000)	(226,000)
Decrease in guarantee deposits	(18,189)	(15,061)
Cash payments for the principal portion of lease liability	(146,354)	(142,393)
Cash dividends paid	(2,255,986)	(2,255,986)
Net cash used in financing activities	(1,260,529)	(2,339,440)
Net increase (decrease) in cash and cash equivalents	217,027	(196,683)
Cash and cash equivalents at the beginning of the year	719,608	916,291
Cash and cash equivalents at the end of the year	\$936,635	\$719,608

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, 2022 AND 2021
(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, 2022 and 2021 were authorized for issue by the Board of Directors on March 14, 2023.

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, 2022. 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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) 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.

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

The amendments introduce the definition of accounting estimates and include 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.

(c) 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 were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. 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 2024
d	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

(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) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

(e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

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. The 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, 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

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

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments 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 using 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 using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or 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 contracts 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, 2022.

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,	
	2022	2021
Petty cash	\$5,675	\$5,895
Checking and saving accounts	930,960	673,718
Cash equivalent	-	39,995
Total	<u>\$936,635</u>	<u>\$719,608</u>

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

	As of December 31,	
	2022	2021
Financial assets mandatorily at fair value through profit or loss:		
Convertible bond	\$42,138	\$42,138
Convertible preferred shares	28,379	-
Total	<u>\$70,517</u>	<u>\$42,138</u>
Current	\$42,138	\$-
Non-current	28,379	42,138
Total	<u>\$70,517</u>	<u>\$42,138</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,	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	\$39,919	\$37,029
Unlisted companies stocks	57,641	81,108
Total	<u>\$97,560</u>	<u>\$118,137</u>
Current	\$39,919	\$37,029
Non-current	57,641	81,108
Total	<u>\$97,560</u>	<u>\$118,137</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, 2022 and 2021 are as follow:

	For the years ended December 31,	
	2022	2021
Related to investments held at the end of the reporting period	\$7,676	\$2,242
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u>\$7,676</u>	<u>\$2,242</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, 2022 and 2021 are as follow:

	For the years ended December 31,	
	2022	2021
The fair value of the investments at the date of derecognition	\$3,174	\$2,178
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	103	553

(4) Financial assets measured at amortized cost

As of December 31,

	2022	2021
Time deposits	\$11,500	\$11,500
Less: loss allowance	-	-
Total	<u>\$11,500</u>	<u>\$11,500</u>
Current	\$-	\$-
Non-current	11,500	11,500
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,	
	2022	2021
Notes receivable arising from operating activities	\$162,986	\$138,957
Less: loss allowance	-	-
Total	<u>\$162,986</u>	<u>138,957</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,	
	2022	2021
Accounts receivable	\$693,766	\$605,614
Less: loss allowance	(29,037)	(21,223)
Subtotal	<u>664,729</u>	<u>584,391</u>
Accounts receivable from related parties	199,737	161,551
Less: loss allowance	-	-
Subtotal	<u>199,737</u>	<u>161,551</u>
Long-term receivables	38,376	36,885
Less: loss allowance	-	-
Subtotal	<u>38,376</u>	<u>36,885</u>
Total	<u>\$902,842</u>	<u>\$782,827</u>

Accounts receivable were not pledged.

Trade receivables are generally on 30-90 day terms. The total carrying amount as of

December 31, 2022 and 2021 are NT\$931,879 thousand and NT\$804,050 thousand, respectively. Please refer to Note 6(18) for more details on loss allowance of trade receivables for the years ended December 31, 2022 and 2021. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31,	
	2022	2021
Merchandise inventories	\$172,058	\$187,598

The cost of inventories recognized in expenses amounted to NT\$474,731 thousand and NT\$528,977 thousand for the years ended December 31, 2022 and 2021, respectively, including the write-down of inventories of NT\$0 thousand in both periods.

Inventory valuation losses were not recognized for the years ended December 31, 2022 and 2021.

Inventories were not pledged.

(8) Investments accounted for using the equity method

Investees	As of December 31,			
	2022		2021	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Speed Investment Co., Ltd.	\$3,192,308	100.00	\$2,875,207	100.00
LeeBao Security Co., Ltd.	1,770,928	100.00	1,487,250	100.00
Goyun Security Co., Ltd.	603,439	100.00	549,558	100.00
Chung Hsing E-Guard Co., Ltd.	11,503	100.00	10,756	100.00
Goldsun Express & Logistics Co., Ltd.	693,819	100.00	687,306	100.00
KuoHsing Security Co., Ltd.	626,467	83.77	598,707	83.77
Gowin Building Management and Maintenance Co., Ltd.	635,825	80.96	512,228	80.96
Aion Technologies Inc. (Note 1)	235,714	87.42	202,614	74.00
Taiwan Secom Insurance Brokerage Services Inc.	27,985	90.00	27,871	90.00
Lee Way Electronics Co., Ltd.	124,331	34.29	107,934	34.29
Lots Home Entertainment Co., Ltd.	4,030	1.93	3,909	1.93
TransAsia Catering Services Ltd.	683,380	67.02	758,822	67.02
Brighton Technology and Engineering Corporation	16,394	5.18	26,819	5.18
Golden Harvest Food Enterprise Ltd (Note 2)	520,193	97.84	-	-
Subtotal	9,146,316		7,848,981	

Investments in associates:				
Goldsun Building Materials Co., Ltd.	1,747,174	6.59	1,623,596	6.59
TransAsia Airways Corp.	-	10.05	-	10.05
Tech Elite Holdings Ltd.	-	39.22	-	39.22
Anfeng Enterprise Co., Ltd.	15,238	30.00	14,497	30.00
GALC Inc.	12,080	30.00	9,483	30.00
HuaYa Development Co., Ltd. (Note 3)	290,086	42.52	293,338	49.83
Subtotal	2,064,578		1,940,914	
Total	\$11,210,894		\$9,789,895	

Note 1: The Company acquired 715,296 shares and 1,647,249 shares of Aion Technologies Inc. from minority shareholders for NT\$11,774 thousand and NT\$27,114 thousand during May and June of 2022, respectively. The Company's ownership percentage increased to 87.42%.

Note 2: Taiwan Secom Co., Ltd. acquired 12,010,227 shares, 97.84% of ownership percentage, of Golden Harvest Food Enterprise Ltd. for NT\$520,874 thousand in January 2022.

Note 3: The company did not participate in the cash capital increase of NT\$88,000 thousand conducted by HuaYa Development Co., Ltd. in March 2022, resulting in the decrease in ownership percentage to 42.52%.

A. Investments in subsidiaries

Investments in subsidiaries was accounted for investment accounted for using equity method when preparing the parent company only financial statements. The differences of accounting treatment are adjusted.

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 using the equity method, approved the liquidation proposal. Full impairment loss has been provided to the related balance of investments accounted for using 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\$1,962,070 thousand and NT\$2,265,123 thousand, as of December 31, 2022 and 2021, 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,	
	2022	2021
Current assets	\$12,657,734	\$12,530,850
Non-current assets	26,293,349	23,229,633
Current liabilities	(9,066,546)	(7,137,852)
Non-current liabilities	(5,487,481)	(6,116,784)
Equity	24,397,056	22,505,847
Non-controlling interests	(1,131,575)	(1,115,589)
Shareholders of the parent	23,265,481	21,390,258
Proportion of the Company's ownership	6.59%	6.59%
Subtotal	1,533,196	1,409,618
Goodwill	222,792	222,792

Others	(8,814)	(8,814)
Carrying amount of the investment	<u>\$1,747,174</u>	<u>\$1,623,596</u>

	For the years ended December 31,	
	2022	2021
Operating revenue	<u>\$21,278,780</u>	<u>\$21,801,699</u>
Profit or loss from continuing operations	<u>4,236,108</u>	<u>2,933,244</u>
Other comprehensive (loss) income	<u>(138,642)</u>	<u>109,349</u>
Total comprehensive income	<u>\$4,097,466</u>	<u>\$3,042,593</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\$317,404 thousand. The aggregate financial information based on Company's share of other companies is as follows:

	For the years ended December 31,	
	2022	2021
Profit or loss from continuing operations	<u>\$1,780</u>	<u>\$(510)</u>
Other comprehensive income (post-tax)	<u>-</u>	<u>-</u>
Total comprehensive income	<u>\$1,780</u>	<u>\$(510)</u>

The associates had no contingent liabilities or capital commitments as of December 31, 2022 and 2021.

The investment value of part of the Company's investments accounted for using the equity method has impaired, and the impairment loss recognized in 2022 and 2021 amounted to NT\$45,000 thousand and NT\$22,330 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,	
	2022	2021
Owner occupied property, plant and equipment	<u>\$5,799,589</u>	<u>\$4,774,395</u>

A. Owner occupied property, plant and equipment

	Land and land improvements	Buildings	Machinery and equipment	Security equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress	Total
Cost:									
As of January 1, 2022	\$1,431,386	\$907,686	\$167,044	\$8,989,306	\$484,497	\$265,718	\$781,167	\$-	\$13,026,804
Additions	-	-	1,300	565,537	84,326	38,055	37,877	-	727,095
Disposals	-	-	(54,384)	(735,832)	(89,976)	(26,496)	(5,392)	-	(912,080)
Other changes	-	-	-	188,470	-	-	-	991,430	1,179,900
As of December 31, 2022	<u>\$1,431,386</u>	<u>\$907,686</u>	<u>\$113,960</u>	<u>\$9,007,481</u>	<u>\$478,847</u>	<u>\$277,277</u>	<u>\$813,652</u>	<u>\$991,430</u>	<u>\$14,021,719</u>

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	\$1,431,386	\$907,686	\$167,044	\$8,989,306	\$484,497	\$265,718	\$781,167	\$-	\$13,026,804
Depreciation and impairment:									
As of January 1, 2022	\$-	\$253,467	\$147,294	\$6,701,562	\$409,978	\$163,761	\$576,347	\$-	\$8,252,409
Depreciation	-	17,310	4,780	733,129	33,674	30,712	59,550	-	879,155
Disposals	-	-	(54,372)	(734,660)	(89,771)	(25,238)	(5,393)	-	(909,434)
As of December 31, 2022	\$-	\$270,777	\$97,702	\$6,700,031	\$353,881	\$169,235	\$630,504	-	\$8,222,130
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	\$-	\$253,467	\$147,294	\$6,701,562	\$409,978	\$163,761	\$576,347	-	\$8,252,409
Net carrying amount as of:									
December 31, 2022	\$1,431,386	\$636,909	\$16,258	\$2,307,450	\$124,966	\$108,042	\$183,148	\$991,430	\$5,799,589
December 31, 2021	\$1,431,386	\$654,219	\$19,750	\$2,287,744	\$74,519	\$101,957	\$204,820	\$-	\$4,774,395

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.

The redevelopment project that the Company and Goldsun Building Materials Co., Ltd. jointly invested commenced in 2022. Therefore, the payments originally recorded under the prepayment account was reclassified to the account of Construction in progress in accordance with the relevant accounting standards.

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, 2022	\$275,593	\$8,130	\$283,723
Additions	-	-	-
As of December 31, 2022	\$275,593	\$8,130	\$283,723
As of January 1, 2021	\$275,593	\$8,130	\$283,723
Additions	-	-	-
As of December 31, 2021	\$275,593	\$8,130	\$283,723

Depreciation and impairment:			
As of January 1, 2022	\$-	\$1,823	\$1,823
Depreciation	-	226	226
As of December 31, 2022	<u>\$-</u>	<u>\$2,049</u>	<u>\$2,049</u>
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>
Net carrying amount as of:			
December 31, 2022	<u>\$275,593</u>	<u>\$6,081</u>	<u>\$281,674</u>
December 31, 2021	<u>\$275,593</u>	<u>\$6,307</u>	<u>\$281,900</u>

	For the years ended	
	December 31,	
	2022	2021
Rental income from investment property	\$3,945	\$3,945
Less : Direct operating expense generated from rental income of investment property	(226)	(226)
Total	<u>\$3,719</u>	<u>\$3,719</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\$327,786 thousand and NT\$314,133 thousand as of December 31, 2022 and 2021, 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 3.92 %, 3.16%% and 2.20%,3.39%, respectively.

(11) Intangible assets

	Computer software
Cost:	
As of January 1, 2022	\$127,488
Addition-acquired separately	89,906
Expired	(34,203)
As of December 31, 2022	<u>\$183,191</u>
As of January 1, 2021	\$128,529
Addition-acquired separately	41,277
Expired	(42,318)
As of December 31, 2021	<u>\$127,488</u>

Amortization and impairment:

	Computer software
As of January 1, 2022	\$60,633
Amortization	48,542
Expired	(34,203)
As of December 31, 2022	<u>\$74,972</u>
As of January 1, 2021	\$59,278
Amortization	43,673
Expired	(42,318)
As of December 31, 2021	<u>\$60,633</u>
Net carrying amount as of:	
December 31, 2022	<u>\$108,219</u>
December 31, 2021	<u>\$66,855</u>

Recognized as amortized amount of intangible assets are as follows.

	For the years ended December 31,	
	2022	2021
Operating costs	<u>\$16,666</u>	<u>\$9,597</u>
Operating expenses	<u>\$31,876</u>	<u>\$34,076</u>

(12) Short-term loans

		As of December 31,	
	Interest Rates (%)	2022	2021
Unsecured bank loans	0.54%-1.72%	<u>\$800,000</u>	<u>\$300,000</u>

The Company's unused short-term lines of credits amounted to NT\$1,673,562 thousand and NT\$1,003,377 thousand as of December 31, 2022 and 2021, respectively.

(13) Long-term loans

Details of long-term loans are as follows:

	As of December		
Lenders	31, 2022	Interest Rates (%)	Maturity date and terms of repayment
Unsecured Long-term Loan			
Bank of Tokyo Mitsubishi UFJ	400,000	0.86%	Loan starting from January 15, 2021 till January 13, 2023; repayment at the maturity date; interest paid every 3 months
Bank of Tokyo Mitsubishi UFJ	400,000	2.49%	Loan starting from September 22, 2022 till September 22, 2025; repayment at the maturity date; interest

					paid every 3 months
Sumitomo Mitsui Banking Corporation	600,000	0.99%	Loan starting from December 18, 2020 till December 16, 2023; repayment at the maturity date; interest paid every month		
Sumitomo Mitsui Banking Corporation	600,000	1.82%	Loan originally starting from December 18, 2020 till December 16, 2022, extended to January 16, 2023; repayment at the maturity day; interest paid every month.		
Sumitomo Mitsui Banking Corporation	700,000	1.85%	Loan starting from February 20, 2021 till February 20, 2023; repayment at the maturity date; interest paid every month		
Mizuho Bank, Ltd.	100,000	2.13%	Loan starting from March 22, 2021 till March 22, 2024; repayment at the maturity date; interest paid every 3 months		
Mizuho Bank, Ltd.	200,000	1.73%	Loan starting from July 11, 2022 till July 5, 2025; repayment at the maturity date; interest paid every 3 month		
Mizuho Bank, Ltd.	200,000	1.73%	Loan starting from July 11, 2022 till July 5, 2025; repayment at the maturity date; interest paid every 3 month		
Mizuho Bank, Ltd.	200,000	1.73%	Loan starting from July 11, 2022 till July 5, 2025; repayment at the maturity date; interest paid every 3 month		
KGI Bank Co., Ltd	300,000	1.99%	Loan starting from July 22, 2022 till April 27, 2024; repayment at the maturity date; interest paid every month		
Subtotal	3,700,000				
Less: current portion	(2,300,000)				
Total	<u>\$1,400,000</u>				

As of December

Lenders	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 from the borrowing date; 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>				

(14) Guarantee deposits

	As of December 31,	
	2022	2021
Performance security deposit	\$441,143	\$448,154
Security line deposit	124,630	135,663
Total	<u>\$565,773</u>	<u>\$583,817</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, 2022 and 2021 were NT\$64,826 thousand and NT\$60,676 thousand, respectively.

Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under 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\$105,327 thousand to its defined benefit plan during the 12 months beginning after December 31, 2022.

The average durations of the defined benefits plan obligation are 7 years and 12 years as of December 31, 2022 and 2021, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2022 and 2021:

	For the years ended December 31,	
	2022	2021
Current period service costs	\$31,569	\$33,873
Interest expense (income) of net defined benefit liabilities (assets)	7,105	5,830
Total	<u>\$38,674</u>	<u>\$39,703</u>

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

As of December 31,

	2022	2021
Defined benefit obligation	\$1,437,619	\$1,496,274
Plan assets at fair value	(230,173)	(204,349)
Other non-current liabilities – Net defined benefit liabilities recognized on the balance sheets	<u>\$1,207,446</u>	<u>\$1,291,925</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, 2021	\$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	1,496,274	(204,349)	1,291,925
Current period service costs	31,569	-	31,569
Net interest expense (income)	8,229	(1,124)	7,105
Subtotal	39,798	(1,124)	38,674
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	645	-	645
Actuarial gains and losses arising from changes in financial assumptions	(107,739)	-	(107,739)
Experience adjustments	108,141	-	108,141
Return on plan assets	-	(13,913)	(13,913)
Subtotal	1,047	(13,913)	(12,866)
Payments from the plan	(99,500)	99,500	-
Contributions by employer	-	(110,287)	(110,287)
As of December 31, 2022	<u>\$1,437,619</u>	<u>\$(230,173)</u>	<u>\$1,207,446</u>

The following significant actuarial assumptions are used to determine the present value of

the defined benefit obligation:

	As of December 31,	
	2022	2021
Discount rate	1.62%	0.55%
Expected rate of salary increases	1.20%	1.00%

A sensitivity analysis for significant assumption as of December 31, 2022 and 2021 is, as follows:

	Effect on the defined benefit obligation			
	2022		2021	
	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%	\$-	\$49,127	\$-	\$67,796
Discount rate decreases by 0.5%	54,061	-	110,379	-
Future salary increases by 0.5%	54,016	-	109,255	-
Future salary decreases by 0.5%	-	49,555	-	67,828

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 the issued capital was NT\$4,511,971, consisting of 451,197,093 shares with a par value of NT\$10 par share, as of December 31, 2022 and 2021, respectively. Each share has one voting right and the right to receive dividends.

B. Capital surplus

	As of December 31,	
	2022	2021
Additional paid-in capital	\$4,291	\$4,291
Treasury share transactions	790,188	713,128
Changes in net assets of associates and joint ventures accounted for using the equity method	109,453	104,433
Donated surplus	2,959	2,959
Total	<u>\$906,891</u>	<u>\$824,811</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, 2022 and 2021, the Company's shares held by its subsidiaries were NT\$263,255 thousand and NT\$288,389 thousand with a total of the 9,079,805 shares and 10,273,805 shares, respectively. Golden Harvest Food Enterprise Ltd., a subsidiary of the Company, held 56,000 thousand shares of the Company for NT\$5,824 thousand when it was merged in January 2022. Gowin Building Management and Maintenance Co., Ltd. disposed 1,250,000 thousand shares of the Company for NT\$30,958 thousand in 2022. The remaining 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 serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When distributing earnings, the Company was obligated to set a special reserve for other net equity deductions, a reserve then can be distributed after the reversal of such deductions.

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 reversed NT\$85,032 thousand special reserve to undistributed earnings. As of December 31, 2022 and 2021, the special reserve were NT\$15,352 thousand and NT\$100,384 thousand, respectively.

Details of the 2022 and 2021 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting and shareholders' meeting on March 14, 2023 and May 30, 2022, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$265,801	\$249,266		
Special reserve	75,735	(85,032)		
Common stock-cash dividend	2,255,986	2,255,986	\$5	\$5

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

(17) Operating revenue

	For the years ended December 31,	
	2022	2021
Revenue from contracts with customers		
Sale of goods revenue	\$689,950	\$751,842
Rendering of service revenue	6,597,510	6,428,189
Total	<u>\$7,287,460</u>	<u>\$7,180,031</u>

Analysis of revenue from contracts with customers during the years ended December 31, 2022 and 2021 is as follows:

A. Classification of revenue

For the year ended December 31, 2022:

	Electronic System
Sale of goods	\$689,950
Rendering of services	6,597,510
Total	<u>\$7,287,460</u>

Timing of revenue recognition:

At a point in time	\$689,950
Over time	<u>6,597,510</u>

Total	<u>\$7,287,460</u>
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For the year ended December 31, 2021:

	<u>Electronic System</u>
Sale of goods	\$751,842
Rendering of services	<u>6,428,189</u>
Total	<u>\$7,180,031</u>
Timing of revenue recognition:	
At a point in time	\$751,842
Over time	<u>6,428,189</u>
Total	<u>\$7,180,031</u>

B. Contract balances

a. Contract assets – current

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Rendering of services	<u>\$11,900</u>	<u>\$23,082</u>	<u>\$18,803</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 and non-current

	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Current	\$1,296,105	\$1,176,341	\$1,170,597
Non-Current	<u>12,237</u>	<u>18,901</u>	<u>30,432</u>
Total	<u>\$1,308,342</u>	<u>\$1,195,242</u>	<u>\$1,201,029</u>
	<u>2022.12.31</u>	<u>2021.12.31</u>	<u>2021.1.1</u>
Rendering of services	<u>\$1,308,342</u>	<u>\$1,195,242</u>	<u>\$1,201,029</u>

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2022 and 2021 are as follows:

	For the years ended	
	December 31,	
	2022	2021
The opening balance transferred to revenue	\$(1,134,493)	\$(1,131,891)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,247,593	1,126,104

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT\$1,308,342 thousand as of December 31, 2022. Management expects that 94% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2023. The remaining amount will be recognized during the 2024 financial year.

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.

D. Assets recognized from costs to fulfil a contract

None.

(18) Expected credit losses

	For the years ended	
	December 31,	
	2022	2021
Operating expenses – Expected credit losses		
Contract assets	\$-	\$-
Trade receivables	10,987	4,900
Subtotal	10,987	4,900
Non-operating income and expenses - Expected credit losses		
Financial assets measured at amortized cost	-	-
Total	\$10,987	\$4,900

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 the 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\$11,900 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, 2022

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	\$1,180,633	\$64,858	\$43,013	\$3,220	\$13,475	\$13,856	\$1,319,055
Loss ratio	0-2%	2-10%	10-30%	30-50%	50-80%	80-100%	
Lifetime expected credit losses	(1,836)	(1,300)	(4,324)	(966)	(6,755)	(13,856)	(29,037)
Total	\$1,178,797	\$63,558	\$38,689	\$2,254	\$6,720	\$-	\$1,290,018

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

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

The movement in the loss allowance of trade receivables during the years ended December 31, 2022 and 2021 are as follows:

	Accounts receivables	Notes receivable	Others (Note)
Balance as of January 1, 2022	\$21,223	\$-	\$-
Addition/(reversal) for the current period	10,987	-	-
Write off	(3,173)	-	-
Balance as of December 31, 2022	<u>\$29,037</u>	<u>\$-</u>	<u>\$-</u>
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	<u>\$21,223</u>	<u>\$-</u>	<u>\$-</u>

Note: Others contain finance lease 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 effect of the Company's lease 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,	
	2022	2021
Land and buildings	\$235,130	\$154,821
Transportation equipment	1,192	1,899
Total	<u>\$236,322</u>	<u>\$156,720</u>

During the years ended December 31, 2022 and 2021, the Company's additions to right-of-use assets are NT\$224,243 thousand and NT\$66,752 thousand, respectively.

(ii) Lease liabilities

	As of December 31,	
	2022	2021
Lease liabilities	\$235,443	\$155,485
Current	\$133,137	\$81,825
Non-current	102,306	73,660

Please refer to Note 6(21)(D) for the interest on lease liabilities recognized during the years ended December 31, 2022 and 2021 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2022 and 2021.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2022	2021
Land and buildings	\$143,353	\$136,907
Transportation equipment	984	3,012
Total	\$144,337	\$139,919

c. Income and costs relating to leasing activities

	For the years ended December 31,	
	2022	2021
The expenses relating to short-term leases	\$14,470	\$17,995
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	6,002	5,837
Total	\$20,472	\$23,832

d. Cash outflow relating to leasing activities

During the years ended December 31, 2022 and 2021, the Company's total cash outflows for leases amounted to NT\$166,826 thousand and NT\$166,225 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,	
	2022	2021
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$17,795	\$15,626
Subtotal	17,795	15,626
Lease income for finance leases		
Selling profit or loss	3,580	9,387
Finance income on the net investment in the lease	4,833	5,403
Subtotal	8,413	14,790
Total	\$26,208	\$30,416

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, 2022 and 2021 are as follow:

	As of December 31,	
	2022	2021
Within one year	\$17,115	\$28,598
Beyond one year but not later than two years	7,815	7,874
Beyond two years but not later than three years	1,986	6,735
Beyond three years but not later than four years	72	5,817
Beyond four years but not later than five years	-	72
Beyond five years	-	-
Total	\$26,988	\$49,096

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, 2022 and 2021 are as follows:

	As of December 31,	
	2022	2021
Within one year	\$85,296	\$73,863
Beyond one year but not later than two years	62,086	76,517
Beyond two years but not later than three years	43,379	53,307
Beyond three years but not later than four years	28,531	34,600
Beyond four years but not later than five years	14,335	19,752
Beyond five years	-	3,292
Total undiscounted lease payments	233,627	261,331
Less: Unearned finance income to finance leases	(9,437)	(11,368)
Less: loss allowance	-	-
Net investment in the lease (Finance lease receivables)	\$224,190	\$249,963
Current	\$80,831	\$69,127
Non-current	143,359	180,836

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

	For the years ended December 31,					
	2022			2021		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$1,022,164	\$979,651	\$2,001,815	\$951,290	\$904,376	\$1,855,666
Labor and health insurance	98,812	93,936	192,748	95,973	90,228	186,201
Pension	56,493	47,007	103,500	54,131	46,248	100,379
Remuneration to directors	-	120,912	120,912	-	125,229	125,229
Other employee benefits expense	40,182	29,281	69,463	39,970	29,700	69,670
Depreciation	822,558	201,160	1,023,718	826,290	195,940	1,022,230
Amortization	16,332	32,210	48,542	9,597	34,076	43,673

The headcount of the Company were 2,470 and 2,450, including 7 non-employee directors as of December 31, 2022 and 2021, respectively.

The average employee benefits expenses of the Company were NT\$961 thousand and NT\$905 thousand for the years ended December 31, 2022 and 2021, respectively. The average employee salaries of the Company were NT\$813 thousand and NT\$760 thousand for the years ended December 31, 2022 and 2021, respectively. The average rate of change of the employee salaries was 7%.

The Company has established the Audit Committee in replacement of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2022 and 2021 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, 2022, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2022 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, 2022 amount to NT\$30,228 thousand and NT\$120,912 thousand, respectively and recognized as salaries expense.

A resolution was passed at a Board of Directors meeting held on March 14, 2023 to distribute NT\$30,273 thousand and NT\$121,091 thousand in cash as employees' compensation and remuneration to directors of 2022, respectively.

No material differences exist between the estimated amount and the actual distribution of NT\$29,435 thousand and NT\$117,741 thousand in cash as the employees' compensation and remuneration to directors for the year ended December 31, 2021.

(21) Non-operating income and expenses

A. Interest Income

	For the years ended December 31,	
	2022	2021
Financial assets measured at amounted cost	\$107	\$108
Cash in banks	612	129
Short-term commercial papers	60	1,019
Others	427	366
Total	<u>\$1,206</u>	<u>\$1,622</u>

B. Other income

	For the years ended December 31,	
	2022	2021
Rental income	\$17,795	\$15,626
Dividend income	7,676	2,242
Total	<u>\$25,471</u>	<u>\$17,868</u>

C. Other gains and losses

	For the years ended December 31,	
	2022	2021
Gain on disposal of property, plant and equipment	\$5,110	\$2,851
Gain on disposal of investments	-	26,077
Foreign exchange gain, net	106	416
Impairment loss	(45,000)	(22,330)
Miscellaneous gain	89,828	84,660
Gain on lease modification	3	-
Total	<u>\$50,047</u>	<u>\$91,674</u>

D. Finance costs

	For the years ended December 31,	
	2022	2021
Interest on borrowings from bank	\$44,440	\$29,712
Interest on lease liabilities	2,378	2,203
Total interest expenses	46,818	31,915
Interest for deposits received	144	89
Total finance costs	<u>\$46,962</u>	<u>\$32,004</u>

(22) Components of other comprehensive income

For the year ended December 31, 2022

	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	\$12,866	\$-	\$12,866	\$(1,544)	\$11,322
Unrealized (loss) gains from equity instruments investments measured at fair value through other comprehensive income	(17,554)	-	(17,554)	-	(17,554)
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	(31,482)	-	(31,482)	-	(31,482)
To be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	41,253	-	41,253	-	41,253
Total of other comprehensive (loss) income	<u>\$5,083</u>	<u>\$-</u>	<u>\$5,083</u>	<u>\$(1,544)</u>	<u>\$3,539</u>

For the year ended December 31, 2021

	Income tax relating to components of				
	Reclassification	Other	other	Other	
	Arising during the period	adjustments during the period	comprehensive income, before tax	comprehensive income	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 (loss) 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 (loss) income of associates and joint ventures accounted for using the equity method	(6,159)	-	(6,159)	-	(6,159)
Total of other comprehensive (loss) income	\$38,355	\$-	\$38,355	\$4,258	\$42,613

(23) Income tax

The major components of corporate income tax expense for the years ended December 31, 2022 and 2021 are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2022	2021
Current income tax expense (income):		
Current income tax charge	\$287,721	\$288,552
Adjustments in respect of current income tax of prior periods	2,014	(28,305)
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	7,649	9,613
Total income tax expense	\$297,384	\$269,860

Income tax relating to components of other comprehensive income

For the years ended

	December 31,	
	2022	2021
Deferred tax expense (income):		
Remeasurements of defined benefit plans	\$1,544	\$(4,258)

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,	
	2022	2021
Accounting profit before tax from continuing operations	\$2,876,125	\$2,796,544
Tax at the domestic rates applicable to profits in the country concerned	\$575,225	\$559,309
Tax effect of revenues exempt from taxation	(286,627)	(261,351)
Investment tax credit	(120)	-
Tax effect of deferred tax assets / liabilities	3,270	207
Corporate income surtax on undistributed retained earnings	3,622	-
Adjustments in respect of current income tax of prior periods	2,014	(28,305)
Total income tax expense recognized in profit or loss	\$297,384	\$269,860

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2022

	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2022
Temporary differences				
Unrealized bad debt expense	\$2,294	\$1,239	\$-	\$3,533
Depreciation difference for tax purpose	10,654	(294)	-	10,360
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	155,025	(8,594)	(1,544)	144,887
Deferred tax (expense)/income		\$(7,649)	\$(1,544)	
Net deferred tax assets/(liabilities)	\$326,052			\$316,859
Reflected in balance sheet as follows:				
Deferred tax assets	\$326,052			\$316,859

For the year ended December 31, 2021

		Deferred tax income (expense)	Deferred tax income recognized in other comprehensive income	Ending balance as of December 31, 2021
	Beginning balance as of January 1, 2021	(expense) recognized in profit or loss		
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>

Unrecognized deferred tax assets

As of December 31, 2022 and 2021, deferred tax assets that have not been recognized amounted to NT\$135,886 thousand and NT\$133,645 thousand, respectively.

The assessment of income tax returns

As of December 31, 2022, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns	Notes
The Company	Assessed and approved up to 2020	-

(24) Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible

preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31,	
	2022	2021
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$2,578,741	\$2,526,684
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	441,111	440,923
Basic earnings per share (NT\$)	\$5.85	\$5.73
	For the years ended December 31,	
	2022	2021
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands)	\$2,578,741	\$2,526,684
Employee bonus (in thousands)	-	-
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	\$2,578,741	\$2,526,684
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	441,111	440,923
Effect of dilution:		
Employee bonus-stock (in thousands)	302	283
Weighted average number of ordinary shares outstanding after dilution (in thousands)	441,413	441,206
Diluted earnings per share (NT\$)	\$5.84	\$5.73

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

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
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
LeeBao Technology 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
KuoHsing 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
Baohwa Trust Co., Ltd.	Subsidiary
Golden Harvest Food Enterprise Ltd.	Subsidiary
Goldsun Building Materials Co., Ltd.	Associate
Anfeng Enterprise Co., Ltd.	Associate
Wellpool Co., Ltd.	Associate
Raixin Quality products Ltd.	Associate
Kunyung Construction and Engineering Co., Ltd.	Associate
eSkylink Inc.	Associate
Taipei Port Terminal Company, Ltd.	Associate
HQ Design Co., Ltd.	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,	
	2022	2021
Subsidiaries	\$169,030	\$171,423
Associates	263,950	232,958
Other related parties	286	483
Total	<u>\$433,266</u>	<u>\$404,864</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,	
	2022	2021
Entity with joint control or significant influence over the Company	\$4,009	\$9,301
Subsidiaries		
LeeBao Security Co., Ltd.	259,342	228,006
Others	294,252	301,974
Subtotal	<u>553,594</u>	<u>529,980</u>
Associates	-	37
Other related parties	236	141
Total	<u>\$557,839</u>	<u>\$539,459</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) Accounts receivable from related parties

	As of December 31,	
	2022	2021
Subsidiary		
Brightron Technology and Engineering Corporation	\$40,528	\$24,136
Lee Way Electronics Co., Ltd.	11,170	10,786
Others	15,379	17,913
Subtotal	67,077	52,835
Associates		
Anfeng Enterprise Co., Ltd.	130,862	108,010
Others	1,218	622
Subtotal	132,080	108,632
Other related parties	580	84
Total	199,737	161,551
Less: loss allowance	-	-
Net	\$199,737	\$161,551

(4) Notes payables to related parties

	As of December 31,	
	2022	2021
Subsidiaries		
Titan Star International Co., Ltd.	\$117,428	\$114,968
Aion Technologies Inc.	18,932	30,102
Living Plus Food & Beverage Co., Ltd.	-	256
LeeBao Security Co., Ltd.	6,382	8
Others	8,220	4,463
Subtotal	150,962	149,797
Associates	1,532	-
Other related parties	3,128	30
Total	\$155,622	\$149,827

(5) Accounts payables to related parties

	As of December 31,	
	2022	2021
Entity with joint control or significant influence over the Company	\$-	\$755
Subsidiaries		
Titan Star International Co., Ltd.	64,396	54,949
Aion Technologies Inc.	17,054	13,574
Others	1,717	2,345
Subtotal	83,167	70,868
Other related parties	-	3,364
Total	\$83,167	\$74,987

(6) Other payables to other related parties

	As of December 31,	
	2022	2021
Subsidiaries		
LeeBao Security Co., Ltd.	\$21,856	\$27,178
Aion Technologies Inc.	4,222	6,121
Others	703	1,601
Subtotal	26,781	34,900
Associates	-	186
Other related parties	95	397
Total	<u>\$26,876</u>	<u>\$35,483</u>

(7) Right-of-use assets

	As of December 31,	
	2022	2021
Other related parties	<u>\$11,412</u>	<u>\$20,601</u>

The lease deposits to other related parties amounted to both NT\$1,271 thousand as of December 31, 2022 and 2021.

(8) Lease liabilities

	As of December 31,	
	2022	2021
Other related parties	<u>\$11,476</u>	<u>\$20,708</u>

(9) Interest income

	For the years ended December 31,	
	2022	2021
Subsidiaries	<u>\$53</u>	<u>\$-</u>

(10) Lease expenditure

	For the years ended December 31,	
	2022	2021
Subsidiaries	<u>\$4,672</u>	<u>\$5,527</u>

The lease deposits to related parties amounted to NT\$30,250 thousand for both years, as of December 31, 2022 and 2021.

(11) Property transactions

	As of December 31,	
	2022	2021
Entity with joint control or significant influence over the		
Company	\$1,789	\$5,156
Subsidiaries	504,276	448,757
Total	<u>\$506,065</u>	<u>\$453,913</u>

The Company sold property, plant and equipment to its subsidiary for gains on disposal of property, plant and equipment of NT\$118 thousand, and received the proceeds from selling of property, plant and equipment of NT\$118 thousand for the year ended December 31, 2021.

(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\$45,480 thousand and NT\$45,606 thousand for the years ended December 31, 2022 and 2021, respectively. The royalty payable was NT\$22,783 thousand and NT\$22,654 thousand as of December 31, 2022 and 2021, respectively, which was recognized as other payables.

(13) Key management personnel compensation

	For the years ended December 31,	
	2022	2021
Short-term employee benefits	\$264,395	\$245,747
Post-employment benefits	2,339	2,099
Total	<u>\$266,734</u>	<u>\$247,846</u>

8. Assets pledged as Security

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

Items	Carrying amount		Secured liabilities
	December 31, 2022	December 31, 2021	
Financial assets measured at amortized cost, non-current	<u>\$11,500</u>	<u>\$11,500</u>	Oil passbook guarantee

9. Commitments and Contingencies

None.

10. Losses due to Major Disasters

None.

11. Significant Subsequent Events

None.

12. Others

(1) Categories of financial instruments

<u>Financial assets</u>	As of December 31,	
	2022	2021
Financial assets designated at fair value through profit or loss	\$70,517	\$42,138
Financial assets at fair value through other comprehensive income	97,560	118,137
Financial assets measured at amortized cost		
Cash and cash equivalents	930,960	713,713
Financial assets measured at amortized cost	11,500	11,500
Trade receivables	1,290,018	1,171,747
Refundable deposits	233,203	234,344
Subtotal	2,465,681	2,131,304
Total	\$2,633,758	\$2,291,579

<u>Financial liabilities</u>	As of December 31,	
	2022	2021
Financial liabilities at amortized cost:		
Short-term loans	\$800,000	\$300,000
Trade and other payables	1,297,787	1,221,969
Long-term loans (including current portion with maturity less than 1 year)	3,700,000	3,040,000
Lease liabilities	235,443	155,485
Guarantee deposits	565,773	583,817
Total	\$6,599,003	\$5,301,271

(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\$4,500 thousand and NT\$2,840 thousand for the years ended December 31, 2022 and 2021, 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\$(3,991) thousand and NT\$(3,703) thousand on the income or equity attributable to the Company for the years ended December 31, 2022 and 2021 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(9) 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, 2022 and 2021, amounts receivables from top ten customers are immaterial compared to the total accounts receivable of the Company. The credit concentration risk of other accounts receivables is insignificant.

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

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The possibility of changing of interest rates relating to borrowings with floating interest rates is low, so the Company estimates interest rates as the rate of the balance sheet date.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As of December 31, 2022					
Borrowings	\$3,135,371	\$1,433,984	\$-	\$-	\$4,569,355
Trade and other payables	1,297,787	-	-	-	1,297,787
Lease Liability	134,956	71,307	9,959	24,000	240,222
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

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	
2022.12.31	\$133,137	\$79,596	\$11,036	\$11,674	\$-	\$235,443
2021.12.31	\$81,825	\$48,815	\$10,913	\$11,544	\$2,388	\$155,485

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

(6) Reconciliation for liabilities arising from financing activities

Information of reconciliation for liabilities during 2022 is as follows:

	Short-term loans	Long-term loans	Leases liabilities	Balance of liabilities arising from financing activities
2022.1.1	\$300,000	\$3,040,000	\$155,485	\$3,495,485
Cash flow	500,000	660,000	(146,354)	1,013,646
Non-cash changes	-	-	226,312	226,312
2022.12.31	<u>\$800,000</u>	<u>\$3,700,000</u>	<u>\$235,443</u>	<u>\$4,735,443</u>

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>

(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:

- 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.
- 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(9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

Embedded derivatives

The Company purchased a convertible bond in 2021. Please refer to Note 6(2).

(9) 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, 2022

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Convertible bond	\$-	\$-	\$42,138	\$42,138
Convertible preferred shares	-	-	28,379	28,379
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	39,919	-	57,641	97,560

As of December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Convertible bond	\$-	\$-	\$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

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2022 and 2021, 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	Financial assets at fair value through profit or loss	
	Stock	Convertible bond	Convertible preferred shares
Beginning balances as of January 1, 2022	\$81,108	\$42,138	\$-
Total losses recognized for the year ended December 31, 2022:			
Amount recognized in OCI (present in unrealized gains or losses on measured at fair value through other comprehensive income equity instrument investment)	(20,293)	-	-
Acquisition/issue for the year ended December 31, 2022	-	-	28,379
Disposition/acquittance for the year ended December 31, 2022	(3,174)	-	-
Ending balances as of December 31, 2022	\$57,641	\$42,138	\$28,379
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	30,415	-	-

	Assets		
	Measured at fair value		
	through other	Financial assets at fair value through	
	comprehensive income	profit or loss	
	Stock	Convertible bond	Convertible
			preferred shares
fair value through other comprehensive income equity instrument investment)			
Acquisition/issue for the year ended December 31, 2021	4,512	\$42,138	-
Disposition/acquittance for the year ended December 31, 2021	(2,178)	-	-
Ending balances as of December 31, 2021	\$81,108	\$42,138	\$-

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, 2022

	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 (decrease) increase in the Company's equity by NT\$6,689 thousand
Measured at fair value through profit or loss					
Convertible bond	Market approach	discount for lack of marketability	26%~32%	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 (decrease) increase in the Company's profit or loss by NT\$4,214 thousand
Convertible preferred shares	Market approach	discount for lack of marketability	26%~32%	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 (decrease) increase in the Company's profit or loss by NT\$2,838 thousand

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 (decrease) increase in the Company's equity by NT\$7,770 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, 2022

	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)	\$-	\$-	\$327,786	\$327,786
Investments accounted for using the equity method (please refer to Note 6)	1,962,070	-	-	1,962,070

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)	\$-	\$-	\$314,133	\$314,133
Investments accounted for using the equity method (please refer to Note 6)	2,265,123	-	-	2,265,123

(10) 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\$106 thousand and NT\$416 thousand for the years ended December 31, 2022 and 2021, respectively.

The above information is disclosed based on book value of foreign currency (after conversion

to functional currency).

(11) 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.

(12) Other

Certain 2021 comparative accounts have been reclassified to conform to the current's presentation.

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: Please refer to Attachment 5.
- 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 6.
- I. Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock: Please refer to Attachment 7.
- 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 8.
- 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 9.
- 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.

(4) Information on major shareholders: Please refer to Attachment 10.

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 2022</u>						
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Revenues	\$(33,751)	Note 4	-
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Costs	259,342	Note 4	2%
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Accrued expenses	21,856	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Costs	134,617	Note 4	1%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Accounts payable	64,396	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Notes payable	117,428	-	-
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Refundable deposits	30,000	-	-
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Costs	117,907	Note 4	1%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Accounts payable	17,054	-	-
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Notes payable	18,932	-	-
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	1	Revenues	18,828	Note 4	-
0	Taiwan Secom Co., Ltd.	Ching-Dian Tech Co., Ltd.	1	Revenues	36,738	Note 4	-
0	Taiwan Secom Co., Ltd.	Ching-Dian Tech Co., Ltd.	1	Accounts receivable	7,153	-	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Revenues	46,743	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Costs	7,648	Note 4	-
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Accounts receivable	11,170	-	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Revenues	41,625	Note 4	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Costs	13,176	Note 4	-
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Accounts receivable	40,528	-	-
0	Taiwan Secom Co., Ltd.	Gowin Building Management Services Co., Ltd.	1	Revenues	15,852	Note 4	-
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	1	Revenues	10,326	Note 4	-
1	Titan Star International Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	629,507	Note 4	4%
2	Aion Technologies Inc.	Taiwan Secom Co., Ltd.	2	Revenues	246,572	Note 4	2%
3	Goyun Security Co., Ltd.	KuoHsing Security Co., Ltd.	3	Revenues	60,433	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	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	Other receivables - related parties	Yes	\$1,600,000	\$174,000	\$-	Refer to the market Interest Rate	(Note 6(2))	\$-	Business turnover	\$-	-	\$-	\$2,408,345 (Note 1 (2))	\$4,816,690 (Note 2)
2	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	Other receivables - related parties	Yes	600,000	197,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
3	Taiwan Secom Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	Other receivables - related parties	Yes	300,000	91,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
4	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	Other receivables - related parties	Yes	111,000	111,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
5	Taiwan Secom Co., Ltd.	Brighton Technology and Engineering Corporation	Other receivables - related parties	Yes	35,000	35,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
6	Taiwan Secom Co., Ltd.	Trans Asia Catering Services Ltd.	Other receivables - related parties	Yes	79,000	79,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
7	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	Other receivables - related parties	Yes	61,000	61,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	2,408,345 (Note 1 (2))	4,816,690 (Note 2)
8	Speed Investment Co., Ltd.	Lots Home Entertainment Co., Ltd.	Other receivables - related parties	Yes	60,000	60,000	33,000	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	764,015 (Note 3 (2))	1,528,031 (Note 4)
9	Speed Investment Co., Ltd.	SIGMU D.P.T. Company Ltd.	Other receivables - related parties	Yes	50,000	50,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	764,015 (Note 3 (2))	1,528,031 (Note 4)
10	Speed Investment Co., Ltd.	Living Plus Food & Beverage Co., Ltd.	Other receivables - related parties	Yes	20,000	20,000	-	Refer to the market Interest Rate	(Note 6(2))	-	Business turnover	-	-	-	764,015 (Note 3 (2))	1,528,031 (Note 4)

Note 1 : 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 2 : 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 3 : 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 4 : 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 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 latest financial statement	Limit of total guarantee/endorsement amount	Guarantee provided by parent company (Note 9)	Guarantee provided by a subsidiary (Note 9)	Guarantee provided to subsidiaries in Mainland China (Note 9)
		Company name	Relationship										
0	Taiwan Secom Co., Ltd.	Gowin Building Management Services Co., Ltd.	(Note 3)	\$3,612,518 (Note 4)	\$450,000	\$175,847	\$75,847	\$-	1.46%	\$6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Gowin Smart Parking Co., Ltd.	(Note 3)	3,612,518 (Note 4)	136,300	74,300	24,300	-	0.62%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	(Note 1)	3,612,518 (Note 4)	50,000	-	-	-	0.00%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	(Note 3)	3,612,518 (Note 4)	1,200,000	1,000,000	-	-	8.30%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	(Note 3)	3,612,518 (Note 4)	500,000	180,000	-	-	1.49%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	SIGMU D.P.T. Company Ltd.	(Note 3)	3,612,518 (Note 4)	30,000	-	-	-	0.00%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	(Note 3)	3,612,518 (Note 4)	200,000	100,000	-	-	0.83%	6,020,863 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	TransAsia Catering Services Ltd	(Note 3)	3,612,518 (Note 4)	300,000	296,000	296,000	-	2.46%	6,020,863 (Note 4)	Y	N	N
1	Aion Technologies Inc.	Brightron Technology and Engineering Corporation	(Note 3)	60,802 (Note 5)	1,400	1,400	1,400	-	0.46%	60,802 (Note 5)	N	N	N
2	Gowin Building Management and Maintenance Co., Ltd.	Taiwan Secom Co., Ltd.	(Note 2)	3,612,518 (Note 6)	3,850	3,310	3,310	-	0.35%	6,020,863 (Note 6)	N	Y	N
2	Gowin Building Management and Maintenance Co., Ltd.	Gowin Smart Parking Co., Ltd.	(Note 3)	3,612,518 (Note 6)	50,000	50,000	-	-	5.26%	6,020,863 (Note 6)	N	N	N
3	Speed Investment Co., Ltd.	Sunseap Solutions Taiwan Limited	(Note 1)	3,612,518 (Note 7)	10,000	10,000	-	-	0.26%	6,020,863 (Note 7)	N	N	N
4	Goyun Security Co., Ltd.	Goyun Technology Co., Ltd.	(Note 3)	59,593 (Note 8)	50,000	50,000	-	-	7.88%	6,020,863 (Note 8)	N	N	N

Note 1: The Company directly and indirectly holds more than 50% of the voting shares.

Note 2: A company that directly and indirectly holds more than 50% of the voting shares in the Company.

Note 3: A company that directly and indirectly holds more than 90% of the voting shares in the Company.

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

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

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

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

Note 5: 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 6: 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 7: 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 8: 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 9: 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.

Securities held for the year ended December 31, 2022 (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	446,525	\$39,919	0.75%	\$89.40	
	Unlisted companies stocks- BlissCloud Group Holdings Corp	-	Financial assets at fair value through other comprehensive income-non-current	987,762	-	4.41%	-	
	Top Taiwan Viii Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	905,666	10,833	2.08%	11.96	
	GAMA Pay Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,657,366	4,326	2.07%	2.61	
	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income-non-current	1,591,367	39,529	10.61%	24.84	
	Raixin Quality Products Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	1,578,976	2,953	11.28%	1.87	
	Inline Group Limited (Convertible Preferred Shares)	-	Financial assets at fair value through profit or loss-non-current	100,000	28,379	1.50%	283.79	
	Convertible Bond- Inline group Limited-USD 1,500,000	-	Financial assets at fair value through profit or loss-current	-	42,138	-	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	16,328	0.04%	100.00	
	Unlisted companies stocks- Huijia Health Life Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	50,000	102	0.25%	2.04	
<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	30,781	8.26%	24.84	
<u>Ching-Dian Tech Co., Ltd.</u>	Listed companies stocks- Taiwan Taxi Co., Ltd.	-	Financial assets at fair value through other comprehensive income-current	54,100	4,837	0.09%	89.40	
	Kinpo Electronics, Inc.	-	Financial assets at fair value through other comprehensive income-current	480,000	6,480	0.03%	13.50	
<u>Tital Star International Co., Ltd.</u>	Unlisted companies stocks- International Integrated Systems, Inc.	-	Financial assets at fair value through other comprehensive income-non-current	497,227	7,200	0.68%	14.48	
	Oriental Life Co., Ltd.	-	Financial assets at fair value through other comprehensive income-non-current	182,500	6,220	7.30%	34.08	
<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	55,266	0.12%	100.00	
<u>Golden Harvest Food Enterprose Ltd.</u>	Listed companies stocks- Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income-current	56,000	5,600	0.01%	100.00	

Attachment 4-2

Securities held for the year ended December 31, 2022 (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. Wellpool Co., Ltd. Taiwan Taxi Co., Ltd.	Parent Company - -	Financial assets at fair value through other comprehensive income-current Financial assets at fair value through other comprehensive income-non-current Financial assets at fair value through other comprehensive income-current	3,625,284 281,000 470,837	\$362,528 18,574 42,093	0.80% 0.78% 0.79%	\$100.00 66.10 89.40	
<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	982,564	98,256	0.22%	100.00	
<u>Lots Home Entertainment Co., Ltd.</u>	Unlisted companies stocks- The Tag-Along Co., Ltd. Daxiao Creative Co., Ltd. Yiyi Pictures Co., Ltd.	- - -	Financial assets at fair value through other comprehensive income-non-current Financial assets at fair value through other comprehensive income-non-current Financial assets at fair value through other comprehensive income-non-current	44,453 1,000,000 44,000	9,840 250 1,767	15.00% 6.90% 5.50%	221.36 0.25 40.16	
	Film and television investment agreement		Financial assets at fair value through profit or loss-non-current	-	61,101	0.00%	61,101	
<u>Goyun Security Co., Ltd.</u>	Listed companies stocks- Taiwan Secom Co., Ltd. Wellpool Co., Ltd.	Parent Company -	Financial assets at fair value through other comprehensive income-current Financial assets at fair value through other comprehensive income-non-current	252,820 181,500	25,282 11,997	0.06% 0.50%	100.00 66.10	
<u>Speed Investment Co., Ltd.</u>	Listed companies stocks- Taiwan Secom Co., Ltd. Wellpool Co., Ltd. Taiwan Taxi Co., Ltd.	Parent Company - -	Financial assets at fair value through other comprehensive income-current Financial assets at fair value through other comprehensive income-non-current Financial assets at fair value through other comprehensive income-current	3,447,198 302,500 11,000	344,721 19,995 983	0.76% 0.84% 0.02%	100.00 66.10 89.40	
	Unlisted companies stocks- Top Taiwan VI Venture Capital Co., Ltd. Mingfu Technology Co., Ltd. Yuji Venture Capital Co., Ltd. Imperial Food Co., Ltd.	- - - -	Financial assets at fair value through other comprehensive income-non-current Financial assets at fair value through other comprehensive income-non-current Financial assets at fair value through other comprehensive income-non-current Financial assets at fair value through other comprehensive income-non-current	167,500 100,000 431,250 300,000	1,354 468 6,745 441	2.17% 9.09% 3.75% 3.00%	8.08 4.68 15.64 1.47	
	Simple agreement for Future equity (SAFE) AUTOPASS.INC	-	Financial assets at fair value through profit or loss-current	-	21,298	-	21,298.00	
	Fund- AsiaVest Opportunities Fund	-	Financial assets at fair value through profit or loss-current	200	1,036	1.18%	US\$168.83	
<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	141,823	5.68%	8.32	
<u>Aion Technologies Inc.</u>	Listed companies stocks- Taiwan Taxi Co., Ltd. Taiwan Shin Kong Security Co., Ltd.	- -	Financial assets at fair value through other comprehensive income-current Financial assets at fair value through other comprehensive income-current	366,345 15,000	32,751 587	0.62% 0.00%	89.40 39.13	
<u>MyStory Entertainment Co., Ltd.</u>	Film and television investment agreement	-	Financial assets at fair value through profit or loss-non-current	-	96,880	-	96,880	

Attachment 5 : Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

Amounts in Thousands of New Taiwan Dollars														
Purchaser/Seller	Type and name of securities	Account	counterparty	Relationship with the counterparty	Beginning of the period		Buy		Sell				End of period	
					Shares	Amounts	Shares	Amounts	Shares	Selling price	Book value	Disposal (loss) profit	Shares	Amounts (Note 2)
Taiwan Secom Co., Ltd.	Golden Harvest Food Enterprose Ltd.	Invesrment accounted for using the equity method	Note 1	Note 1	-	\$-	12,010,227	\$520,874	\$-	\$-	\$-	\$-	12,010,227	\$520,193

Note 1 : 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., which amounted to NT\$520,874 thousand, from the original shareholder on January 2022. The percentage of ownership is 97.84%.

Note 2 : The amount at the end of period included share of profit or loss of associates accounted for using the equity method.

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	\$246,572	Note 1	30-60 days	-	-	\$(17,054)	3%	
	Anfeng Enterprise Co., Ltd.	Investee accounted for using the equity method	Sales	258,455	4%	30-60 days	-	-	130,862	12%	
	LeeBao Security Co., Ltd.	Subsidiary accounted for using the equity method	Purchase	259,342	7%	30-60 days	-	-	(21,856)	3%	
	Titan Star International Co., Ltd.	Subsidiary accounted for using the equity method	Note 2	629,507	Note 2	30-60 days	-	-	(64,396)	10%	
<u>Goldsun Express & Logistics Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Investee accounted for using the equity method	Note 3	(493,771)	Note 3	30 days	-	-	102,165	9%	

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 7

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	\$130,862	2.16	\$-	-	\$42,701	\$-

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	\$198,200	\$138,200	285,697,519	100.00%	\$3,192,308	\$299,880	\$229,488	
	LeeBao Security Co., Ltd.	Taipei City	Security services providing	198,006	198,006	103,983,458	100.00%	1,770,928	313,865	313,744	
	Goyun Security Co., Ltd.	Kaohsiung City	Security services providing	40,034	40,034	27,705,510	100.00%	603,439	138,297	137,033	
	Chung Hsing E-Guard Co., Ltd.	Taipei City	Sales of electric, telecommunications and fireproof products	20,000	20,000	2,000,000	100.00%	11,503	2,722	(16)	
	Goldsun Express & Logistics Co., Ltd.	New Taipei City	Air cargo transporting services	613,878	613,878	59,464,914	100.00%	693,819	49,982	50,154	
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	-	-	29,321,619	83.77%	626,467	231,464	178,388	
	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	101,911	101,911	28,463,488	80.96%	635,825	246,911	188,949	
	Aion Technologies Inc.	Taipei City	Technology support services	178,243	139,356	15,102,440	87.42%	235,714	36,615	29,136	
	Taiwan Secom Insurance Brokerage Services Inc.	Taipei City	Insurance broker	13,063	13,063	912,600	90.00%	27,985	6,211	5,589	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	87,125	87,125	6,858,894	34.29%	124,331	79,493	31,409	
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital media and movie distribution	186,480	186,480	683,920	1.93%	4,030	17,772	275	
	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%	683,380	(32,212)	(18,189)	
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	6,776	6,776	2,085,434	5.18%	16,394	(142,903)	(10,425)	
	Golden Harvest Food Enterprise Ltd.	Taipei City	Catering services	520,874	-	12,010,227	97.84%	520,193	5,393	4,869	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	1,257,922	1,257,922	77,705,747	6.59%	1,747,174	4,132,218	271,642	
	TransAsia Airways Corp.	Taipei City	Aviation services	833,409	833,409	76,245,604	10.05%	-	-	-	Note 1
	Tech Elite Holdings Ltd.	Hong Kong	Investment holding	66,416	66,416	2,000,000	39.22%	-	-	-	
	Anfeng Enterprise Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	10,820	10,820	900,000	30.00%	15,238	6,667	2,001	
	HuaYa Development Co., Ltd.	Taipei City	Operating hotel and sales of cement products and asbestos waves	314,899	314,899	25,512,892	42.52%	290,086	(6,928)	(3,252)	
	GALC Inc.	Taipei City	Manufacturing of metal structures and building components	9,000	9,000	900,000	30.00%	12,080	9,694	3,032	
<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	119,306,110	100.00%	2,070,816	308,504	308,504	
	Jiansheng International Co., Ltd.	Taipei City	Medical equipment and AED rental services	20,000	20,000	2,000,000	100.00%	20,343	262	249	
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital media and movie distribution	375,568	375,568	29,865,578	84.10%	176,448	17,772	13,414	
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	147,780	147,780	13,992,000	93.28%	158,975	16,375	16,715	
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	103,446	103,446	9,385,856	46.93%	187,307	79,493	38,276	
	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%	71,525	(32,212)	(1,794)	
	Taiwan Secom Insurance Brokerage Services Inc.	Taipei City	Insurance broker	1,927	1,927	101,400	10.00%	3,109	6,211	621	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	89,181	89,181	8,472,699	0.72%	167,511	4,132,218	29,645	
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	124,740	124,740	28,201,692	70.00%	255,103	(142,903)	(80,828)	
	Sunseap Solutions Taiwan Limited	Taipei City	Catering services	15,300	15,300	1,530,000	51.00%	8,150	(9,207)	(4,696)	
	Epic Tech Taiwan Inc.	Taipei City	Energy-saving solutions technology	55,200	31,200	5,520,000	78.86%	14,812	(18,977)	(17,237)	
	MyStory Entertainment Co., Ltd.	Taipei City	Video content development and investment	102,000	-	10,200,000	51.00%	98,999	(5,149)	(3,001)	
	Baohwa Trust Co., Ltd.	Taipei City	Information Security Services	30,000	-	3,000,000	60.00%	19,900	(16,833)	(10,100)	
	Livingplus Food and Beverage Co., Ltd.	Taipei City	Catering services	20,000	-	2,000,000	94.67%	16,594	(8,442)	(3,406)	
<u>Titan Star International Co., Ltd.</u>	eSkylink Inc.	Taipei City	Telecom value-added network services	7,301	7,301	884,016	19.71%	25,428	39,515	9,922	
	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	30,244	30,244	2,303,654	5.72%	32,000	(142,903)	(6,651)	
	TransAsia Airways Corp.	Taipei City	Aviation Services	54,007	54,007	4,405,028	0.58%	-	-	-	Note 1
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	317,979	368,654	50,923,710	3.72%	890,096	4,132,218	176,792	
	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%	63,673	(32,212)	(2,240)	

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

※ 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>Goldsun Express & Logistics Co., Ltd.</u>	Goldsun Express Ltd.	New Taipei City	The custom broker services	\$26,833	\$26,833	3,361,248	100.00%	\$38,171	\$2,208	\$2,208	
<u>Goyun 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%	48,502	246,911	15,524	Note 1
	TransAsia Airways Corp.	Taipei City	Aviation Services	28,978	28,978	1,635,080	0.22%	-	-	-	
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	10,080	10,080	1,008,000	6.72%	11,366	16,375	1,174	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	42,045	69,882	4,531,136	0.38%	72,052	4,132,218	21,536	
	Guoyun Technology Co., Ltd.	Kaohsiung City	Car parking lot services	150,000	150,000	15,000,000	100.00%	132,026	2,616	2,615	
	Lots Home Entertainment Co., Limited	Taipei City	Digital video and movie distribution	1,814	1,814	1,240,688	3.49%	76,875	17,772	453	
<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%	140,909	246,911	32,500	Note 1
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	20,020	20,020	1,804,972	9.02%	39,174	79,493	7,142	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	287,475	287,478	16,300,599	1.38%	367,364	4,132,218	56,939	
	TransAsia Airways Corp.	Taipei City	Aviation Services	47,581	47,581	4,360,832	0.57%	-	-	-	
	KuoHsing Rental Co., Ltd.	New Taipei City	Mini-Storage rental services	10,000	10,000	1,000,000	100.00%	8,232	560	560	
	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%	45,237	(32,212)	(1,641)	
<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%	84,097	18,022	18,022	Note 1
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	12,515	12,515	506,692	1.45%	16,872	231,464	2,813	
	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	79,807	65,894	4,479,913	0.38%	88,497	4,132,218	14,122	
	Gowin Smart Parking Co., Ltd.	Taipei City	Car parking lot services	50,000	50,000	5,000,000	100.00%	60,001	18,670	18,805	
<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%	97,883	35,879	35,879	
	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%	32,209	(32,212)	(1,459)	
<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%	53,552	3,051	3,051	
	Baohong Technology Co., Ltd.	Taipei City	Network authentication service	6,500	-	650,000	65.00%	6,489	(17)	(11)	
<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%	86,530	(142,903)	(20,390)	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	76,600	76,600	3,499,811	0.30%	89,659	4,132,218	11,391	
	Epic Tech Taiwan Inc.	Taipei City	Information management platform	13,800	7,800	1,380,000	19.71%	3,703	(18,977)	(4,309)	
<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%	21,252	7,256	1,914	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	205,172	194,053	7,931,574	0.67%	199,452	4,132,218	29,325	
	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	14,180	14,180	112,700	5.33%	323	(8,442)	(5,274)	
<u>Ching-Dian Tech Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	101,478	101,486	4,145,000	0.35%	106,237	4,132,218	14,510	
<u>Lots Home Entertainment Co., Limited</u>	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	66,118	66,118	6,760,906	0.57%	132,613	4,132,218	23,690	
<u>Living Plus Food & Beverage Co., Ltd.</u>	Pony Drink Dream Co., Ltd.	Taipei City	Catering services	7,000	7,000	700,000	35.00%	5,440	(4,670)	(1,436)	
<u>Golden Harvest Food Enterprise Ltd.</u>	Tai-Shun Shi Ye Co., Ltd.	Taoyuan City	Garment Industry	29,900	-	2,990,000	100.00%	28,375	1,439	1,439	
<u>Brighton Technology and Engineering Corporation</u>	SIGMU D.P.T. Company Ltd.	Taipei City	Wholesale and installation of fire safety equipment	100,281	100,281	3,080,800	100.00%	58,008	(37,289)	(34,310)	
	Comlink Fire Systems Inc.	Taoyuan City	Wholesale of fire safety equipment	40,917	40,917	206,250	100.00%	15,564	(306)	(373)	
LeeBao Technology Co., Ltd.	Baohong Technology Co., Ltd.	Taipei City	Network authentication service	500	-	50,000	5.00%	499	(17)	(1)	

(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, 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as of December 31, 2022	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2022
					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 China as of 2022/12/31	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
\$-	\$120,801	\$7,517,657

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 10

Major Shareholders Information

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

Name	Shares Number of shares	Percentage of ownership (%)
SECOM CO. LTD	123,110,870	27.29%
Shin Kong Life Insurance Co., Ltd	34,908,205	7.73%

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, 2022	December 31, 2021	Difference	
			Amount	%
Current assets	9,674,302	8,472,607	1,201,695	14.18%
Investments accounted for using equity method	4,230,179	4,112,111	118,068	2.87%
Property, plants, and equipment	8,825,335	7,178,382	1,646,953	22.94%
Other non-current assets	3,173,575	3,849,844	(676,269)	-17.57%
Total assets	25,903,391	23,612,944	2,290,447	9.70%
Current liabilities	8,870,692	6,908,393	1,962,299	28.40%
Non-current liabilities	4,503,272	4,685,972	(182,700)	-3.90%
Total liabilities	13,373,964	11,594,365	1,779,599	15.35%
Share capital	4,511,971	4,511,971	-	0.00%
Capital surplus	906,891	824,811	82,080	9.95%
Retained earnings	6,977,205	6,575,176	402,029	6.11%
Other equities	(91,087)	(15,352)	(75,735)	493.32%
Treasury stock	(263,255)	(288,389)	25,134	-8.72%
Non-controlling interests	487,702	410,362	77,340	18.85%
Total equity	12,529,427	12,018,579	510,848	4.25%
<ul style="list-style-type: none"> ● Main reasons of significant changes in assets, liabilities, and equity in the most recent two fiscal years: <ol style="list-style-type: none"> 1. The increase in property, plant and equipment is mainly due to the recognition of the headquarters building in Nangang as an unfinished project. 2. The increase in current liabilities is mainly due to the increase in long-term liabilities due within one year or within one operating cycle. 3. The decrease in other equity was mainly due to the recognition of unrealized losses of financial assets measured at fair value through other comprehensive profit or loss. ● Effect of financial position and changes in the most recent fiscal years: No significant effects in the financial position. ● Future countermeasures: Not applicable. 				

7-2 Financial performance

Unit: NT\$ thousand; %

Items \ Year	2022	2021	Increase (decrease)	Rate of change (%)
Net operating income	15,357,445	14,134,897	1,222,548	8.65%
Operating cost	10,283,900	9,100,685	1,183,215	13.00%
Gross profit	5,073,545	5,034,212	39,333	0.78%
Operating expenses	2,609,488	2,368,326	241,162	10.18%
Operating income	2,464,057	2,665,886	(201,829)	-7.57%
Non-operating revenues and expenses	667,136	419,559	247,577	59.01%
Net profit before tax	3,131,193	3,085,445	45,748	1.48%
Income tax expenses	(523,243)	(506,560)	16,683	3.29%
Current period net profit	2,607,950	2,578,885	29,065	1.13%
Other current comprehensive income or loss (net after-tax)	(790)	53,245	(54,035)	-101.48%
Total consolidated income for the period	2,607,160	2,632,130	(24,970)	-0.95%
Profit attributable to owners of the parent company	2,578,741	2,526,684	52,057	2.06%
Comprehensive income attributable to owners of the parent company	2,582,280	2,569,297	12,983	0.51%
<ul style="list-style-type: none"> Analysis and explanation of the increase or decrease in ratio in the last two years: <ol style="list-style-type: none"> 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. The decrease in other comprehensive income is mainly due to the recognition of unrealized loss on the valuation of equity instruments measured at fair value through other comprehensive income. Expected sales for the next one year and its basis: Please refer to “One. Report to Shareholders” on page 1. Effect of financial position and changes in the most recent fiscal years: No significant effects in the financial position. Future countermeasures: Not applicable. 				

7-3 Cash Flow Analysis

1. Analysis of changes in cash flow in the most recent year

Unit: NT\$ thousand

Cash balance at the beginning of the year	Net cash flow from operating activities	Cash outflow for the year	Estimated amount of cash surplus	Remedy for cash shortage	
				Investment plan	Financial plan
4,665,344	2,978,471	2,490,348	5,153,467	-	-

Analysis of changes in cash flow in this year:

- (1) Operating activities: The net cash inflow from operating activities is NT\$2,978,471 thousand, which is mainly due to net profit before tax of NT\$3,131,193 thousand.
- (2) Investment activities: Net cash outflow of NT\$1,240,240 thousand was mainly due to the

acquisition of property, plant and equipment for NT\$1,222,780 thousand.

- (3) Financing activities: Net cash outflow of NT\$1,250,108 thousand was mainly due to the distribution of cash dividends of NT\$2,255,986 thousand, principal repayment of lease liabilities of NT\$346,703 thousand, cash flow from borrowings of NT\$1,277,878 thousand, and cash flow of NT\$121,471 thousand generated from the disposal of treasury stocks.

2. Improvement plan for liquidity shortfall: Not applicable.

3. Cash flow forecast analysis for the next year:

Unit: NT\$ thousand

Cash balance at the beginning of the year	Estimated net cash flow from year-round operating activities	Estimated Cash outflow for the year	Amount of cash surplus (shortfall)	Remedy for estimated cash shortage	
				Investment plan	Financial plan
5,153,467	3,218,349	3,506,578	4,865,238	-	-

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 Impact of major capital expenditures on financial operations 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 2022 and 2021 were NT\$661,774 thousand and NT\$444,257 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 2022 loss on foreign exchange was NT\$7,430 thousand, interest income was NT\$13,395 thousand, and interest expenses were NT\$66,244 thousand.

2. Effects on profit and loss of the Company from inflation:

In the most recent year, the interest rate changes have been small and the inflation has been moderate, which has no significant impact on the Company's income.

3. The Company's specific measures in response to exchange rate changes, interest rate changes and inflation:

The Company adopts natural hedging to reduce exchange risk caused by exchange rate changes.

- 7-6-2 Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsements and guarantees, as well as derivative transactions, main causes of profit and loss, as well as future countermeasures:
The Company takes a safe and steady approach in its financial operations and is not engaged in high-risk and highly leveraged investment activities, nor has it engaged in derivatives trading. The Company's lending or endorsing as a guarantor are subject to the Operating Procedures for Loans to Others and Endorsement and Guarantee to protect the Company's best rights and interests.
- 7-6-3 Future R&D plans and expected investment in R&D budget:
The Company's focus its future operations on the integration services of the "My Vita" IoT system, and will add more "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\$127,042 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 sustainable development 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.

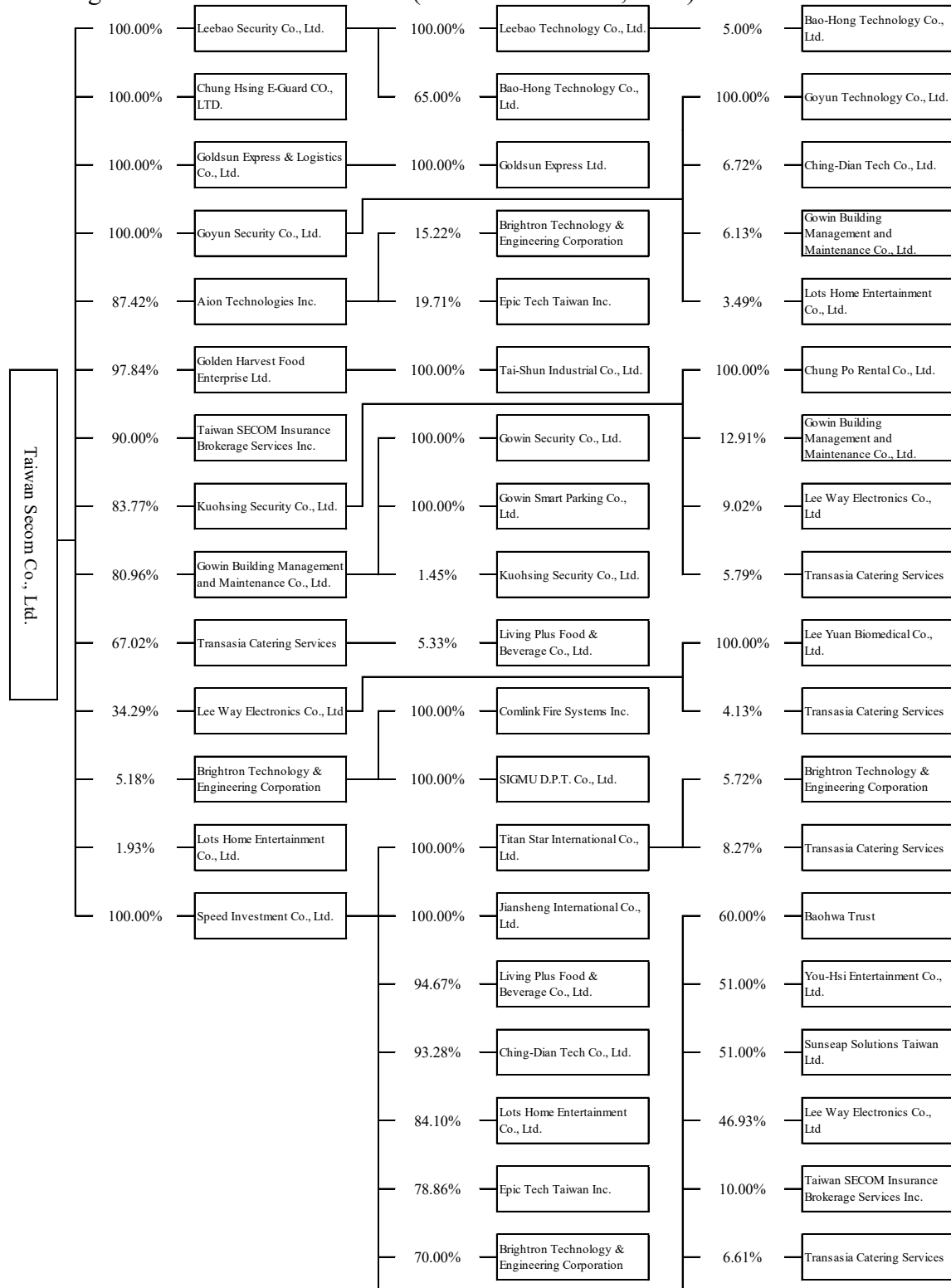
- 7-6-10 Impacts, risks, and countermeasures of directors, supervisors, or shareholders with a shareholding percentage exceeding 10%, large equity transfer, or change on the company: Not applicable.
- 7-6-11 Impacts, risks, and countermeasures of changes in management rights to the Company: Not applicable.
- 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 important risks and the countermeasures: On April 27, 2022, some personnel of the Company were indicted by the prosecutor for violating securities trading regulations. As the case has entered the judicial process, the relevant personnel have appointed lawyers to defend themselves in accordance with the law and are awaiting the trial result. There is no significant impact on the Company's finance, business, and operations.
- 7-7 Other important matters: None.

VIII. Special matters to be recorded:

8-1 Information related to the Company's Affiliates

8-1-1 Consolidated business reports of affiliates

1. Organizational chart of affiliates (as of December 31, 2022)



Note 1: 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 & 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	1,039,835	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	2,856,975	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	1,193,061	Manufacturing of security equipment
Goldsun Express Ltd.	2004.10.19	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	33,612	Custom Declaration
Taiwan SECOM Insurance Brokerage Services Inc.	2006.01.02	10F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	10,140	Insurance
Brightron Technology & Engineering Corporation	2004.04.12	7F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	402,859	Machine manufacturing
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	200,000	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 Service Co., Ltd.	2002.10.17	No. 568, Section 1, Sanmin Road, Dayuan District, Zhuwei Village, 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, Zhongnan 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
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	21,127	Catering

Company name	Date of Establishment	Address	Paid-up capital	Main business activities
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	70,000	Wholesale of Nonalcoholic Beverages, Software, Information Process, Electronic Information Supply Services, Wholesale of Foods and Groceries
Golden Harvest Food Enterprise Ltd.	1994.08.01	No. 71, Haishanzhong Street, Luzhu District, Taoyuan City	122,760	Fresh processing, manufacturing, processing and trading of refrigerated food (seafood, various meat products, agricultural products, vegetables and fruits). Manufacturing, processing and wholesale of various Chinese and Western pastries
Tai-Shun Industrial Co., Ltd.	1992.11.19	No. 36, Dayou St, Luzhu District, Taoyuan City	29,900	Clothing, clothing manufacturing, other textile and product manufacturing, machinery wholesale, other machinery and appliance wholesale, machinery appliance retail, and other machinery appliance retail industries
You-Hsi Entertainment Co., Ltd.	2021.03.24	4F., No.693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	200,000	Film production, film distribution, radio program production, TV program production, radio and television program distribution industry, radio and television advertising industry, and video program tape industries
Baohwa Trust Co., Ltd.	2022.03.21	7F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	50,000	Computer equipment installation, computer and office equipment wholesale, information software wholesale, computer and office equipment retail, information software retail, other retail, international trade.
Bao-Hong Technology Co., Ltd.	2022.12.01	2F, No. 128, Lane 76, Ruiguang Road, Neihu District, Taipei City.	10,000	Automatic control equipment engineering, mechanical installation, computer equipment installation, computer and clerical machinery and equipment wholesale, telecommunications equipment wholesale, and other mechanical appliance wholesale industries

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 Co., Ltd., Gowin Building Management & Maintenance Co., Ltd., Goyun Security Co., Ltd., Leebao Security Co., Ltd., Aion Technologies Inc., Speed Investment Co., Ltd., Goldsun Express & Logistics Co., Ltd., Chung Hsing E-Guard Co., Ltd., Lee Way Electronics Co., Ltd., Titan-Star International Co., Ltd., Ching-Dian Tech Co., Ltd. and others.

5. Directors, Supervisors and General Manager of Affiliated Companies

Company name	Title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
Kuohsing Security Co., Ltd.	Chairman	Representative: Fei-Chang Lin	29,321,619	83.77%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: Hung-Liang Lu			
	Supervisor	Representative: CHEN Su-Ling	506,692	1.45%	Gowin Building Management & Maintenance Co., Ltd.
Gowin Building Management & 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.
Goyun Security Co., Ltd.	Chairman	Representative: CHANG Yi-Chun	27,705,510	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: LIN Lei			
	Director	Representative: CHEN Su-Ling			
Leebao Security Co., Ltd.	Chairman	Representative: KAO Chang-Hsiung	103,983,458	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: SU Ying-Chang			
	Director	Representative: CHEN Su-Ling			
Aion Technologies Inc.	Chairman	Representative: CHEN Ying-Chun	15,102,440	87.42%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: LIN Ming-Sheng			
	Director	Representative: LI Jung-Kuei			
	Supervisor	LIN Chien-Han			
Speed Investment Co., Ltd.	Chairman	Representative: LIN Chien-Han	285,697,519	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: CHEN Su-Ling			
	Director	Representative: CHANG Lan-Ching			
Goldsun Express & Logistics Co., Ltd.	Chairman	Representative: KUO Chia-Ming	59,464,914	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: CHANG Ming-Tung			
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			
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: CHANG Lan-Ching			
	Supervisor	Representative: CHEN Su-Ling	1,804,972	9.02%	Kuohsing Security Co., Ltd.
Titan-Star International Co., Ltd.	Chairman	Representative: CHIANG Wen-Liang	119,306,110	100.00%	Speed Investment Co., Ltd.
	Director	Representative: CHEN Su-Ling			
	Director	Representative: LI Jung-Kuei			
Goldsun Express Ltd.	Chairman	Representative: KUO Chia-Ming	3,361,248	100.00%	Goldsun Express & Logistics Co., Ltd.
	Director	Representative: CHANG Ming-Tung			
	Director	Representative: HSU Lan-Ying			

Company name	Title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
Taiwan SECOM Insurance Brokerage Services Inc.	Chairman	Representative: LEI Ching-Ming	912,600	90.00%	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.
Brighton Technology & Engineering Corporation	Chairman	Representative: LIN Lei	6,132,000	15.22%	Aion Technologies Inc.
	Director	Representative: LIN Ming-Sheng			
	Director	Representative: CHIN Hsiao-Tang			
	Supervisor	Representative: CHEN Su-Ling	2,303,654	5.72%	Titan-Star International Co., Ltd.
Lots Home Entertainment Co., Ltd.	Chairman	Representative:HAO Bo-Hsiang	683,920	1.93%	Taiwan Secom Co., Ltd.
	Director	Representative: LIN Chien-Han			
	Director	Representative: CHANG Lan-Ching			
	Supervisor	Representative: CHEN Su-Ling	29,865,578	84.10%	Speed Investment Co., Ltd.
Leebao Technology Co., Ltd.	Chairman	Representative: KAO Chang-Hsiung	5,000,000	100.00%	Leebao Security Co., Ltd.
	Director	Representative: CHEN Su-Ling			
	Director	Representative: SU Ying-Chang			
Gowin Security Co., Ltd.	Chairman	Representative: LIN Chih-Fang	4,000,000	100.00%	Gowin Building Management & Maintenance Co., Ltd.
	Director	Representative: LIN Lei			
	Director	Representative: CHEN Su-Ling			
Gowin Smart Parking Co., Ltd.	Chairman	Representative: LIN Chih-Fang	5,000,000	100.00%	Gowin Building Management & Maintenance Co., Ltd.
	Director	Representative: LIN Lei			
	Director	Representative: CHEN Su-Ling			
Goyun Technology Co., Ltd.	Chairman	Representative: CHANG Yi-Chun	20,000,000	100.00%	Goyun Security Co., Ltd.
	Director	Representative: LIN Lei			
	Director	Representative: CHEN Su-Ling			
Ching-Dian 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%	Goyun Security Co., Ltd.
Lee Yuan Biomedical Co., Ltd.	Chairman	Representative: LIU Fu-Hsing	5,000,000	100%	Lee Way Electronics Co., Ltd
	Director	Representative: HUNG Pei-Hsiu			
	Director	Representative: CHANG Lan-Ching			
Comlink Fire Systems Inc.	Chairman	Representative: LIN Lei	206,250	100%	Brighton Technology & Engineering Corporation
	Director	Representative: CHOU Hsing-Kuo			
	Director	Representative: TENG Ching-Chung			
TransAsia Catering Service Co., Ltd.	Chairman	Representative: WU Yu-Lun	24,562,918	67.02%	Taiwan Secom Co., Ltd.
	Director	Representative: TSENG Wei-Han			
	Director	Representative: CHANG Lan-Ching			
	Supervisor	Representative: CHEN Su-Ling	2,388,144	6.52%	Trust Sandstone Co., Ltd.
Chung Po Rental Co., Ltd.	Chairman	Representative: Fei-Chang Lin	1,000,000	100.00%	Kuohsing Security Co., Ltd.
	Director	Representative: HSU Lan-Ying			
	Director	Representative: Hung-Liang Lu			
SIGMU D.P.T. Co., Ltd.	Chairman	Representative: LIN Lei	3,080,800	100%	Brighton Technology & Engineering Corporation
	Director	Representative:CHOU Hsing-Kuo			
	Director	Representative: HSIEH Sheng-Hung			
Living Plus Food & Beverage Co., Ltd.	Chairman	Representative: WU Yu-Lun	2,000,000	94.67%	Speed Investment Co., Ltd.
	Director	Representative: LIN Chien-Han			
	Director	Representative: TSENG Wei-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	
	Supervisor	Representative: CHEN Su-Ling	112,700	5.33%	TransAsia Catering Service Co., Ltd.
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			
Sunseap Solutions Taiwan Ltd.	Chairman	Representative: HSU Po-Han	1,530,000	51%	Speed Investment Co., Ltd.
	Director	Representative: CHOU Fu-Wen			
	Director	Representative: LIN Chien-Han			
	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	5,520,000	78.86%	Speed Investment Co., Ltd.
	Director	Representative: LIN Chien-Han			
	Director	Representative: CHANG Nai-Sen			
	Supervisor	Representative: CHEN Ying-Chun	1,380,000	19.71%	Aion Technologies Inc.
Golden Harvest Food Enterprise Ltd.	Chairman	Representative: LIN Chun-Mei	12,010,227	97.83%	Taiwan Secom Co., Ltd.
	Director	Representative: WU Yu-Lun			
	Director	Representative: LIN Hong- Wei			
	Supervisor	Representative: CHEN Su-Ling			
Tai-Shun Industrial Co., Ltd.	Chairman	Representative: CHIU Pi-Hua	2,990,000	100%	Golden Harvest Food Enterprise Ltd.
	Director	Representative: LIN Chun-Mei			
	Director	Representative: LIN Hong- Wei			
You-Hsi Entertainment Co., Ltd.	Chairman	Representative: CHU Han-Kuang	200,000	1%	
	Director	Representative: CHUANG Chi-Hsiang	100,000	0.50%	
	Director	Representative: LIN Chien-Han	10,200,000	51%	Speed Investment Co., Ltd.
	Director	Representative: SU Wei-Ching	9,500,000	47.50%	Chinatrust Commercial Bank
	Director	Representative: HU Ting-Li			
	Supervisor	Representative: HAO Bo-Hsiang			
	Supervisor	Representative: CHUANG Chih-Chiang			
Baohwa Trust Co., Ltd.	Chairman	Representative: CHEN Ying-Chun	3, 000	60%	Speed Investment Co., Ltd.
	Director	Representative: LIN Chien-Han			
	Director	Representative: CHOU Hsing-Kuo			
	Director	Representative: CHEN Ming-Shih	2, 000	40%	CHT Security Co., Ltd.
	Director	Representative: HUNG Chin-Fu			
	Supervisor	Representative: CHANG Lan-Ching			
	Supervisor	Representative: PENG Hui-Yi			
Bao-Hong Technology Co., Ltd.	Chairman	Representative: KAO Chang-Hsiung	650,000	65%	Leebao Security Co., Ltd.
	Director	Representative: YEH Chung-Hsuan	300,000	30%	Entropy Cabinet Solutions Co., Ltd.
	Director	Representative: SU Ying-Chang	50,000	5%	Leebao Technology Co., Ltd.
	Supervisor	Representative: YEH Hung-Ta			

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. Overview of the business operations of each affiliate

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	1,318,480	151,420	1,167,060	1,270,691	133,877	231,467	6.61
Gowin Building Management & Maintenance Co., Ltd.	351,578	1,443,493	493,727	949,766	1,440,653	225,211	246,159	7.00
Goyun Security Co., Ltd.	277,055	726,875	92,645	634,230	807,728	81,519	138,303	4.99
Leebao Security Co., Ltd.	1,039,835	3,029,131	1,258,379	1,770,752	1,360,866	379,575	313,568	3.02
Aion Technologies Inc.	172,752	398,390	102,760	295,630	381,925	57,017	47,573	2.75
Speed Investment Co., Ltd.	2,856,975	3,838,051	17,974	3,820,077	361,449	337,749	337,923	1.18
Goldsun Express & Logistics Co., Ltd.	594,649	1,217,863	524,805	693,058	1,003,389	60,441	49,982	0.84
Chung Hsing E-Guard CO., LTD.	20,000	67,022	254	66,768	33,166	(81)	2,722	1.36
Lee Way Electronics Co., Ltd.	200,000	540,907	148,330	392,577	237,156	54,067	81,624	4.08
Titan-Star International Co., Ltd.	1,193,061	2,364,325	332,558	2,031,767	632,314	127,037	308,504	2.59
Goldsun Express Ltd.	33,612	42,358	4,187	38,171	13,251	1,532	2,208	0.66
Taiwan SECOM Insurance Brokerage Services Inc.	10,140	41,087	9,993	31,094	20,622	7,200	(6,211)	(6.13)
Brighton Technology & Engineering Corporation	402,859	648,874	333,895	314,979	488,437	(79,518)	(60,643)	(1.51)
Lots Home Entertainment Co., Ltd.	355,123	255,302	46,518	208,784	5,923	(4,892)	18,029	0.51
Leebao Technology Co., Ltd.	50,000	61,039	7,529	53,510	80,753	2,032	3,008	0.60
Gowin Security Co., Ltd.	40,000	131,879	47,812	84,067	435,786	17,547	17,992	4.50
Ching-Dian Tech Co., Ltd.	150,000	241,813	72,671	169,142	92,766	(1,316)	16,566	1.10
Goyun Technology Co., Ltd.	200,000	226,669	24,047	202,622	120,775	2,317	2,622	0.13
Comlink Fire Systems Inc.	2,063	17,680	2,213	15,467	1,938	(488)	(403)	(1.95)
Lee Yuan Biomedical Co., Ltd.	50,000	132,573	33,860	98,713	109,209	45,799	36,709	7.34
SIGMU D.P.T. Co., Ltd.	30,808	66,664	7,138	59,526	44,343	(26,964)	(21,281)	(6.91)
Gowin Smart Parking Co., Ltd.	50,000	131,388	71,402	59,986	166,461	21,659	18,670	3.73
TransAsia Catering Service Co., Ltd.	366,480	1,190,680	420,742	769,938	419,781	(57,392)	(31,283)	(0.85)
Chung Po Rental Co., Ltd.	10,000	9,342	1,110	8,232	1,582	544	560	0.56
Living Plus Food & Beverage Co., Ltd.	21,127	18,276	946	17,330	18,982	(8,298)	(8,640)	(4.09)
Jiansheng International Co., Ltd.	20,000	56,453	36,085	20,368	581	279	288	0.14
Sunseap Solutions Taiwan Ltd.	30,000	18,956	2,719	16,237	2,206	(9,012)	(8,951)	(2.98)
Epic Tech Taiwan Inc.	70,000	24,789	5,978	18,811	4,251	(18,975)	(18,949)	(2.71)

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)
Golden Harvest Food Enterprise Ltd.	122,760	473,773	310,418	163,355	905,607	9,755	9,715	0.79
Tai-Shun Industrial Co., Ltd.	29,900	39,771	12,085	27,686	62,626	761	751	0.25
Bao-Hong Technology Co., Ltd.	10,000	9,984	1	9,983	-	(20)	(17)	(0.02)
You-Hsi Entertainment Co., Ltd.	200,000	196,101	1,986	194,115	-	(5,357)	(5,149)	(0.26)
Baohwa Trust Co., Ltd.	50,000	41,171	8,075	33,096	7,091	(16,940)	(16,904)	(3.38)

8-1-2 Affiliation report

Declaration

The Company hereby declares that the companies required to be included in the consolidated financial statements of affiliates (from January 1, 2022 to December 31, 2022) 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 14, 2023

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	Investment income (Note 2)	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.	2,856,975	Own funds source of capital	100.00%	2023.2.6~2023.3.31	-	120,000 shares 12,191 thousand	6,325	3,327,198 shares 351,019 thousand	None	-	-
Kuohsing Security Co., Ltd.	350,025	Own funds source of capital	83.77%	-	-	-	-	3,625,284 shares 382,467 thousand	None	-	111,000
Gowin Building Management & Maintenance Co., Ltd.	351,578	Own funds source of capital	80.96%	2022.9.13~2022.11.29	-	1,250,000 shares 121,471 thousand	89,759	982,564 shares 103,661 thousand	None	160,747	91,000
Goyun Security Co., Ltd.	277,055	Own funds source of capital	100.00%	-	-	-	-	252,820 shares 26,673 thousand	None	-	61,000
Chung Hsing E-Guard CO., LTD.	20,000	Own funds source of capital	100.00%	-	-	-	-	552,655 shares 58,305 thousand	None	-	-
Lee Way Electronics Co., Ltd	200,000	Own funds source of capital	34.29%	-	-	-	-	163,284 shares 17,226 thousand	None	100,000	-
Golden Harvest Food Enterprise Ltd.	122,760	Own funds source of capital	97.84%	-	-	-	-	56,000 shares 5,908 thousand	None	-	-
As of the printing date of this annual report					-	1,370,000 shares 133,662 thousand	96,084	8,959,805 shares 945,259 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.

Note 2: No significant influence on the Company's financial performance and financial position.

8-4 Other matters that require additional description: 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 Co., Ltd. Service Hotline

Headquarters	6F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	(02)25575155
Taiwan Regional Office	8F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	(02)25535001
Northern Taiwan Administration Office	8F-1, No. 12, Section 4, Chongxin Road, Sanchong District, New Taipei	(02)29730828
Taoyuan-Hsinchu Management Office	7F-2, No. 11, Datong Road, Taoyuan District, Taoyuan City	(03)3395210
Central Taiwan Administration Office	5th Floor, No. 739, Xiangxin South Road, Nantun District, Taichung City	(04)23862777
Chiayi-Tainan Management Office	1st Floor, No. 80, Section 1, Minsheng Road, West Central District, Tainan City	(06)2219570
Southern Taiwan Management Office	3rd Floor, No. 201, Shuiyuan Road, Sanmin District, Kaohsiung City	(07)3825257
Taipei Branch Office	4F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	(02)25575155
New Taipei Branch Office II	7th Floor, No. 30, Shijian Road, Banqiao District, New Taipei City	(02)29530062
Keelung Branch Office	1st Floor, No. 52, Xin-Er Road, Xinyi District, Keelung City	(02)24249171
Yilan Branch Office	1, 2 Floor, No. 229, Zhongzheng North Road, Luodong Township, Yilan County	(03)9577868
New Taipei Branch Office	8F-1, No. 12, Section 4, Chongxin Road, Sanchong District, New Taipei	(02)29730828
Taoyuan Branch Office	7F-2, No. 11, Datong Road, Taoyuan District, Taoyuan City	(03)3395210
Hsinchu Branch Office	4F-1, No. 295, Section 2, Guangfu Road, East District, Hsinchu City	(03)5733366
Hsinchu County Branch Office	4F, No. 126, Ziqiang South Road, Zhubei City, Hsinchu County	(03)6579800
Hualien Branch Office	4th Floor, No. 409, 411 Linsen Road, Hualien City, Hualien County	(03)8351377
Taitung Branch Office	6th Floor, No. 3, Zhengzhou Street, Taitung City, Taitung County	(089)327450
Taichung Branch Office	5th Floor, No. 739, Xiangxin South Road, Nantun District, Taichung City	(04)23850001
Taichung Branch Office II	3rd Floor, No. 52, Fengyang Road, Fengyuan District, Taichung City	(04)25232047
Miaoli Branch Office	11F-2, No. 158, Beian Street, Miaoli City, Miaoli County	(037)330845
Changhua Branch Office	11F-1, No. 186, Section 1, Zhangmei Road, Changhua City, Changhua County	(04)7256111
Nantou Branch Office	No. 1, Nangang 3rd Road, Nantou City, Nantou County	(049)2259797
Chiayi Branch Office	8th Floor, No. 251, Beigang Road, West District, Chiayi City	(05)2335247
Yunlin Branch Office	2nd and 3rd Floor, No. 203, Section 2, Yunlin Road, Douliu City, Yunlin County	(05)5350600
Tainan Branch Office	1st Floor, No. 80, Section 1, Minsheng Road, West Central District, Tainan City	(06)2219570
Tainan Branch Office II	No. 103, Zhongzheng 7th Street, Yongkang District, Tainan City	(06)2537240
Pingtung Branch Office	4th Floor, No. 168, Zhongshan Road, Pingtung City, Pingtung County	(08)7663995
Kaohsiung Branch Office	6th Floor, No. 21, Yisin 2nd Road, Qianzhen District, Kaohsiung City	(07)3360222
Kaohsiung Branch Office II	5th Floor, No. 434, Gangshan Road, Gangshan District, Kaohsiung City	(07)6224538
Penghu Branch Office	1st Floor, No. 59, Wenhua Road, Magong City, Penghu County,	(06)9261836
Da-An Contact Office	6th Floor, No. 115, Section 2, Keelung Road, Xinyi District, Taipei City	(02)25185369
Zhongshan Contact Office	1st Floor, No. 85, Section 2, Jianguo North, Road, Zhongshan District, Taipei City	(02)25015501
Shilin Contact Office	4F., No. 693, Sec. 5, Zhongshan N. Rd., Shilin Dist., Taipei City	(02)28366791
Chengchung Contact Office	8F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	(02)25536701
Datong Contact Office	2F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	(02)25593250
Neihu Contact Office	2F, No. 9, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City	(02)27925860

Xizhi Contact Office	8F, No. 153, Section 2, Datong Road, Xizhi District, New Taipei City	(02)86926005
Wugu Contact Office	2nd Floor, No. 321-1, Section 3, Chengtai Road, Wugu District, New Taipei City	(02)22926505
Tamsui Contact Office	2nd Floor, No. 30, Xuefu Road, Tamsui District, New Taipei City	(02)26209353
Xinzhuang Contact Office	9th Floor, No. 306, Zhonggang Road, Xinzhuang District, New Taipei City	(02)89935300
Shuangho Contact Office	1-2 Floor, No. 1, Lane 89, Liancheng Road, Zhonghe District, New Taipei City	(02)22428299
Jing-Hsin Contact Office	4th Floor, No. 78, Xindian District, New Taipei City	(02)86672077
Linkou Contact Office	2nd Floor, No. 386, Wenhua 3rd Road, Guishan District, Taoyuan City	(03)3277430
Dayuan Contact Office	3th Floor, No. 103, Zhongzheng East Road, Dayuan District, Taoyuan City	(03)3869768
Luzhu Contact Office	8F-3, No. 265, Nankan Road, Luzhu District, Taoyuan City	(03)3218957
Yangmei Contact Office	4th Floor, No. 140, Zhongshan Road, Yangmei District, Taoyuan City	(03)4758700
Zhongli Contact Office	7th Floor, No. 46, Fuxing Road, Zhongli District, Taoyuan City	(03)4252137
Shulin Contact Office	3F of No. 573 and 575, Da-An Road, Shulin District, New Taipei City	(02)26875266
Zhunan Contact Office	3rd Floor, No. 93, Daying Road, Zhunan Township, Miaoli County	(037)469028
Nantun Contact Office	4th Floor, No. 739, Xiangxin South Road, Nantun District, Taichung City	(04)23862777
Beitun Contact Office	4F, No. 338, Yongxing Street, North District, Taichung City	(04)22360000
Chung-Gang Contact Office	6F-1, No. 598, Wenxin Road, Xitun District, Taichung City	(04)23108866
Lukang Contact Office	3rd Floor, No. 7, Jianguo Road, Lukang Township, Changhua County	(04)7789566
Yuanlin Contact Office	5th Floor, No. 129-1, Section 2, Datong Road, Yuanlin City, Changhua County	(04)8357811
Shalu Contact Office	6F-5, No. 533, Zhongshan Road, Shalu District, Taichung City	(04)26631920
Dali Contact Office	4th Floor, No. 269, Defang South Road, Dali District, Taichung City	(04)24831100
Daya Contact Office	2nd Floor, No. 1, Lane 641, Shenlin South Rd, Daya District, Taichung City	(04)25670788
Dajia Contact Office	1st Floor, No. 180, Ren-Ai Street, Dajia District, Taichung City	(04)26860259
Rende Contact Office	2nd Floor, No. 511, Zhongshan Road, Rende District, Tainan City	(06)2709579
Xinying Contact Office	3rd Floor, No. 37, Xinjin Road, Xinying District, Tainan City	(06)6337466
Sanmin Contact Office	8th Floor, No. 203, Zhonghua 1st Road, Gushan District, Kaohsiung City	(07)5533535
Nanzih Contact Office	6th Floor, No. 139, Jiannan Road, Nanzih District, Kaohsiung City	(07)3552036
Fengshan Contact Office	3F-1, No. 268, Fengping 1st Road, Daliao District, Kaohsiung City	(07)7015377
Chaozhou Contact Office	2nd Floor, No. 189, Yanping Road, Chaozhou Township, Pingtung County	(08)7801504
Baozhong Contact Station	No. 325-6, Zhongzheng Road, Baozhong Township, Yunlin County	(05)6973998
Taibao Contact Station	No. 46, Section 1, Jiapu East Road, Taibao City, Chiayi County	(05)3621299
Longtan Contact Station	No. 76, Xinlong Road, Longtan District, Taoyuan City	(03)4890217
Puli Contact Station	1st Floor, No. 211, Zhonghua Road, Puli Township, Nantou County,	(049)2993014
Qishan Contact Station	No. 213, Yanping 1st Road, Qishan District, Kaohsiung City	(07)6624358
Hengchun Contact Station	No. 70, Shengbei Road, Hengchun Township, Pingtung County	(08)8899157



**TAIWAN SECOM
COMPANY LTD.**
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Chairman

林孝信

