

# Annual Report 2023

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THE FUTURE**

Taiwan Stock Exchange Market Observation Post System:

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

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## **I. Letter to Shareholders**

During the year 2023, the global economy was impacted by various factors, including high-interest rates, inflation, and geopolitical conflicts such as the Russo-Ukrainian war, resulting in a decline in global economic activity. The economic weakness in the two major economies, the US and China, coupled with the cumulative impact of significant interest rate hikes by major countries, has led to sluggish global economic demand. Therefore, major international forecasting institutions believe that global economic growth in 2024 will be lower than in 2023. Nevertheless, with the Company's continuous efforts to embrace new technologies and optimize services, we never cease progressing. We are moving forward towards stable development, diversifying our operations, and expanding into various industries including food, healthcare, housing, and transportation. We believe that the Company can achieve steady revenue growth even in challenging environments.

### **Business and Financial Performance**

In 2023, the consolidated net revenue of the Company and its subsidiary (TAIWAN SECOM GROUP) amounted to NT\$17,073,977 thousand, representing an increase of NT\$1,716,532 thousand compared to the same period in 2022, marking a growth of 11.18%. The consolidated operating profit reached NT\$2,640,414 thousand, indicating an increase of NT\$176,357 thousand from the same period in 2022, reflecting a growth of 7.16%. The consolidated net profit after tax amounted to NT\$2,621,994 thousand, which increased by NT\$14,044 thousand compared to the same period in 2022, reflecting a growth of 0.54%. Earnings per share (EPS) remained unchanged at NT\$5.85, the same as in 2022. The Company has experienced continuous revenue growth for six consecutive years, consistently reaching new record levels annually. This impressive achievement reflects our unwavering progress and ability to overcome challenges in a demanding business landscape. As we anticipate the upcoming year, we are fully prepared to confront new challenges.

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

The Company is committed to safeguarding public safety and delivering dependable services, sparing no effort in enhancing the quality of life for our customers. We not

only introduce technology into the traditional security industry but also consistently enhance its technological capabilities. In 2023, our main focus was on digitalizing various services. Alongside upgrading the AI image recognition capabilities of our current security system, we consistently improved the accuracy of intrusion detection and specific item monitoring to minimize false positive rates and enhance service efficiency. In addition to system upgrades, we are actively developing smart unmanned vehicles to leverage their mobility, reduce personnel and vehicle commuting time, lower fuel costs, and obtain more real-time on-site information. This accelerates emergency response times, ensuring the safety of our customers' property and lives. Apart from upgrading existing services, we are actively developing smart charging station services. We provide personalized one-stop electric vehicle charging services for individuals, communities, parking lots, commercial establishments, and office buildings. We also assist clients in managing charging stations and disaster control. As a pioneer in the field, we have introduced electric vehicle fire blankets with security connections. These blankets are certified by the European Union for fire resistance and meet Taiwan's Grade 1 flame retardant standards, effectively assisting clients in disaster management.

The future development direction of the Company is to actively integrate all our services and enhance cybersecurity protection. Our goal is to maintain a secure protection mechanism for both physical and virtual integration of our customers, enabling them to enjoy a more comfortable and secure life. We will continue to leverage IoT and upgrade our services, optimizing our service solutions to reach new operational heights.

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

Looking ahead to the overall economy in 2024, Taiwan's external demand is showing signs of recovery, with a higher economic growth rate compared to 2023. The Taiwan Institute of Economic Research has released a forecast projecting a GDP growth rate of 3.15% for the year 2024. Furthermore, the stable domestic job market will support domestic demand, resulting in steady growth in private consumption. The demand for

consumption is expected to increase compared to 2023, which will benefit the Company's revenue growth driven by the improvement of the Taiwan's economy. Regarding the impact of the external competitive environment, the Company consistently seeks innovation and change, pursuing the integration of new technologies, continually promoting integrated services, and expanding into various industries to create the ecosystem of Taiwan Secom. In an era of continuously increasing labor costs, the company is dedicated to promoting unmanned operations to assist businesses in reducing labor expenses. With safety as our foundation, we strive to develop more convenient services, thereby maintaining our position as a leader in smart security and driving the growth of the smart city industry.

## **Future Business Plan and Development Strategy**

Despite the sluggish global economic environment, the domestic market in Taiwan remains optimistic. The Company is actively investing in efforts to create a smarter and more interconnected world, continuously introducing new technologies to the security industry. Looking ahead to this year, the Group's development blueprint is centered around technology-driven living, creating comprehensive smart services.

### 1. Technology-driven security, advancing greater intelligence

In addition to our commitment to providing a more stable security system, the Company also employs AI smart image recognition to automatically detect abnormal conditions, thereby reducing the workload of security personnel. We continuously enhance various disaster recognition sensors and utilize flexible algorithms for disaster detection, which provide preliminary alert functions and assist in the interpretation of disaster situations. Furthermore, the tracking record function has been integrated into multiple systems, elevating the surveillance system from a simple video recording tool to a valuable asset for analyzing pedestrian flow and tracking vehicle trajectories. This enhancement enables more efficient control and management. The Company will continue to identify customer pain points and provide comprehensive solutions, transforming traditional security systems into smart managers that address all aspects of customer life.

## 2. Technological cities, safeguarded by Taiwan Secom

In the age of technological transformation, the Company integrates various services to create the most comprehensive smart city solutions. Whether on land or at sea, smart surveillance systems can be used for management. For example, in ports, AI cameras combined with full-function and thermal imaging cameras can track the trajectory of vessels, enhancing the efficiency of tower personnel. AI network cameras paired with license plate recognition and image recognition can identify violations, reducing the cost of manual review. With a solid foundation in security and monitoring, Taiwan Secom will integrate various services to create a secure environment from the smallest to the largest scales, from urban areas to communities. We aim to use smart security to safeguard public safety through technology.

The Company has always adhered to the principle of steady development, continuously improving revenue. In the future, we will continue to lead the industry and deliver long-term profit growth to our shareholders. We are excited to collaborate with all shareholders in creating a prosperous and sustainable future.

Lastly,

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

Chairman Lin Chien-Han

## 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 (Police-Letter-No-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.

There were many key milestones over the past four decades of development:

1981/06 Added residency services (security guards) and sales of fire-proof and anti-theft equipment.

1983/05 Began to undertake bank cash delivery services, producing good results to gradually establish the Company's reputation.

1987/12 Annual revenue was NT\$751 million (approximately US\$30.04 million), ranking 137th among Taiwan's top 300 service firms.

1990/11 Purchased Stratus computers for computerization of control operations. Completed the implementation in May 1992 to manage security signals and dispatch operations throughout Taiwan.

1992/06 Introduced a home security system which offers anti-theft, fire prevention, gas leak detection and access control system, and can remotely control four sets of electrical equipment at home through a computer to achieve household automation.

1992/12 Completed establishment of high-speed optical fiber network trunk lines to increase the information transmission speed between Taipei, Taichung, and Kaohsiung.

1993/06 The Securities Listing Review Committee approved the listing of the Company's stock, making the Company the first security firm to be listed on the Taiwan Stock Exchange.

1993/12 The Company was listed on the stock exchange with a capital of NT\$800 million and an underwriting price of \$49 per share. 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 Cultural and Educational Foundation was formally established.

1997/10 The Company acquired the UK SGS ISO/9002 quality assurance certification.

2001/05 Ranked by CommonWealth Magazine as #176 of top 500 service firms. The net profit was ranked #37, and the gross margin was ranked #29.

2005/12 Became the first to launch the MiniBond satellite positioning search service, using high technology to open a new page of mobile security. The Company is the first and only operator in the world to apply A-GPS technology to a portable device to complement search personnel dispatch.  
In order to expand the scope of services and improve the quality of services, the Jiali office was upgraded to a liaison office.

2008/06 Mr. ONODERA Hirofumi was appointed as the Chief Executive Officer of the Company.

2009/02 In RESPONSE to the public policy on AED, the Company ran AED promotion initiatives in colleges and universities to create a safe learning environment and educated students on first aid skills and the concept of saving lives.

2009/05 Taiwan Secom Home Area Smart Management launched the CONDOMINIUM version of MyCASA to meet the demand of simplified new building construction 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 provided customers with value-added health care services.

2010/02 IN ORDER TO STRENGTHEN AND IMPROVE THE SERVICE quality, THE COMPANY LAUNCHED MyCASA health care value-added service, Pharmacist Home Delivery Service. It promoted self-management of health and elevated the suite of health care services provided.

2010/06 TVS 15" Combo DVR touch-controlled all-in-one digital surveillance host enabled administrators to monitor remotely via the Internet and 3G mobile phones, and incorporated touch-controlled operation features to enhance 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 record, daily report query, daily driving report, and route planning, among other functions. The 2nd generation MiniBond was officially

launched. This generation had an LCD screen and was lighter and more user-friendly. It had the same functions as the 1st generation of MD, including location inquiry, timed reporting, distress assistance and simple calls, and the functions and setting could all be done via the web.

2011/08 On December 25, 2010, the Executive Yuan upgraded five cities and counties to special municipalities, namely Taipei County (New Taipei City), merger of Taichung County and City (Taichung City), merger of Tainan County and City (Tainan City), and merger of Kaohsiung County and City (Kaohsiung City). Consequently, the Company's Sanchong Branch was renamed New Taipei Branch, Taipei County Branch was renamed New Taipei Branch #2, Taichung County Branch was renamed Taichung Branch #2, Tainan County Branch was renamed Tainan Branch #2, and Kaohsiung County Branch was renamed Kaohsiung Branch #2.

2011/09 NXT smart business management security system was revealed to the public for the first time. Exhibitions were held in various cities in Taiwan to let the public experience the new system and services offered.

2011/12 Taiwan Secom Group formed an alliance with Saint Mary's Hospital in Luodong to launch the Health Care Cloud system which incorporated comprehensive cloud technology to facilitate adoption of remote care at regional hospitals.

2012/06 NXT Smart Commerce System officially launched, offering 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 provide services for food and beverage, retail, franchise operators and other business via a lease model.

2012/11 Book launch event for "To Guard People's Future - Taiwan Secom Security a Pioneer in Smart Life", which detailed the Company's entrepreneurial growth, business philosophy, management performance and future strategic planning.

2013/02 The Company collaborated with Taipei City Government to launch the Senior I Care Emergency Rescue System to provide seniors with a safe and carefree living environment, benefiting more than 5,000 people.

2013/09 Won the 23rd National Quality Award in the enterprise category. The National Quality Award is the highest recognition of business quality issued by the Executive Yuan.

2014/05 Grand opening of My Vita smart home experience center 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 for the 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 to jointly release 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 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 convenient services for a smart life through the IoT, and officially entering the IoT market.

2015/07 Built a showcase center in Neihu, which integrated technologies in four key areas of smart home, smart cities, building and office space to enable customers to experience smart technologies-enabled lifestyle.

2015/11 Taiwan Secom officially formed a cross-industry alliance with Tatung THOME to introduce smart home appliances and enter the IoT smart lifestyle market.

2015/11 Invested in the GASH Mobile Payment established by Gamania Digital. It was expected that some 230,000 users would be included in the mobile payment services to boost the convenience of IoT application.

2016/03 Official opening of first physical My Vita service store, My Vita Home Extension Service Center, integrating resources to be entrenched in neighborhoods to and provide services. More of such stores will be progressively 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 My Vita Home Life Service Stations to expand the suite of services.

2016/05 Organized My Vita brand launching conference. Applied the IoT technology

to consolidate the Group's resources to foof surm 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 Living Plus Experiential Center the second location of the My Vita Living Plus Experiential Center which offered consumers with food, medical care, housing and transportation services through the IoT.

2016/09 Taiwan Secom successfully built a security monitoring and management system for National Taichung Theater, which is known to be the most difficult to build in the world, using system integration and wireless transmission technology.

2016/12 Taiwan Secom once again ranked first for Business Today's Best Brand Award, winning the award for the 8th consecutive year.

2016/12 Employee training and education center in Yilan officially opened.

2017/02 Two physical My Vita Living Plus Experiential Centers established in Da'an District of Taipei City and Luzhou District of New Taipei City to expand sales channels and serve customers, with a total of nine stores 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 village for 2017 Summer Universiade.

2017/09 Participated in the TAF Innovation Base Camp organized by the Industrial Development Bureau of the Ministry of Economic Affairs, and officially launched the My Vita IoT Service Innovation Base Camp to enable citizens to experience the smart lifestyle of the future.

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 Cities Exhibition with the 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 ambassador of My Vita. A series of videos and ads were produced to let the general public know more about the products and services offered through My Vita.

2018/12 In line with the government's long-term care 2.0 policy and future

opportunities, Taiwan Secom Group ventured into the long-term care industry and collaborated with New Taipei City Government to establish Taiwan Secom Senior Care Center in Taishan District.

2019/07 Unveiled the New Corporate Chinese Name to Include “Technology”. The change was approved by the Ministry of Economic Affairs and became effective on July 23, 2019.

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 merged its subsidiaries, Litenet and Tailu Control and Comlimk Fire Systems, to establish Brightron Technology and Engineering Corporation. In addition, Taiwan Secom also connected the merged entity with D.P.T Company Ltd. utilizing inter-Group resources such as the latest IoT technology and products from Goldsun Building Materials, to provide one-stop integrated services in electrical and mechanical (E&M) engineering and disaster prevention solutions.

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 deal with emergency situations such as employees being quarantined at home and diagnosed positive, 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, creating 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 a theme of Secom Technology Pioneering Smart Living, and designed five pavilions, namely, Smart Cities, Smart Engineering, Smart Disaster Prevention, Smart Office and Smart Community, with interactive experience features to showcase some 50 smart applications.

2021/05 The Taiwan Secom Good Life App services platform was launched, marking

the venture into the smart communities market. The free property management platform connected communities and residents and used smart technology to make life easier and more convenient.

2021/05 The Taiwan Secom Good Life app integrated stores, communities and payment management to enhance the value of My Vita services to consumers and increase the value add of the app.

2021/11 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 footprint in food and beverage business and for diversification, reinforcing the manufacturing and sales capabilities of contract manufacturing products and ready-to-eat foods.

2023/05 Approved by the 17th Board of Directors, Mr. Lin Chien-Han, the former Vice Chairman, was elected as the Chairman and Mr. Lin Ming-Sheng was elected as the Vice Chairman.

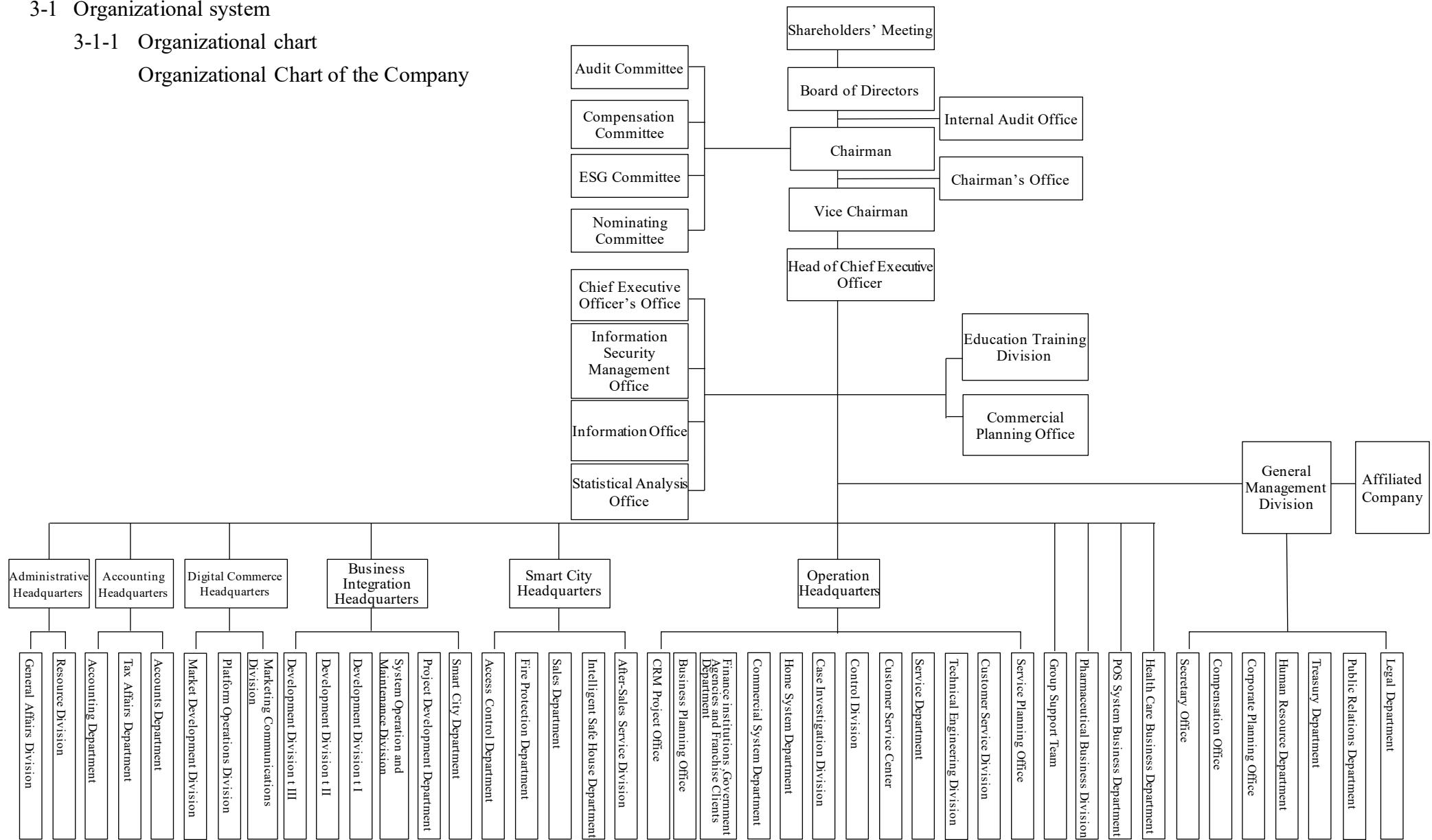
2024/01 In order to expand the development of the group's online sales channels, Infinishop Co., Ltd was established as one of the affiliated enterprises of Taiwan Secom Group.

### III. Corporate Governance Report

### 3-1 Organizational system

### 3-1-1 Organizational chart

## Organizational Chart of the Company



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

Department	Main Functions
Internal Audit Office	<ul style="list-style-type: none"> <li>● Review the soundness, reasonableness and effectiveness of the internal control system.</li> <li>● Regularly investigate and evaluate the efficiency of each unit in implementing various plans or policies and assigned functions.</li> </ul>
Chairman's Office	<ul style="list-style-type: none"> <li>● Responsible for corporate strategic planning and cross-departmental integration.</li> <li>● In charge of the Company's public relations.</li> </ul>
Commercial Planning Office	<ul style="list-style-type: none"> <li>● Assist in the development and introduction of new products.</li> <li>● Optimize existing products and services.</li> <li>● Optimize the internal processes.</li> <li>● Reduce the procurement costs</li> <li>● Assist on the vendors' assessment.</li> </ul>
Education Training Division	<ul style="list-style-type: none"> <li>● Establish and revise the overall approach and strategy of educational training, and integrate and plan training needs at all levels.</li> <li>● Planning, integration, and implementation of the educational training system.</li> </ul>
General Management Division	<ul style="list-style-type: none"> <li>● In charge of the business management of the Group's subsidiaries and the handling of the Board of Directors and investor relations affairs.</li> <li>● Manage the needs of diversified market relations, promote the harmony between the Company and media and external relations, and promote the brand image of the Company.</li> <li>● Personnel administration, employee salary and bonus distribution.</li> <li>● Establish the intellectual property system and assist and manage patent applications for the Company.</li> <li>● Review various contractual provisions and assist with legal matters.</li> <li>● Fund dispatching and cashier matters.</li> </ul>
Chief Executive Officer's Office	<ul style="list-style-type: none"> <li>● Contact SECOM Japan for various matters and assist with Japanese translation.</li> <li>● Promote contracts between Japanese Companies in Taiwan</li> <li>● Maintenance of relationships among major Japanese banks</li> <li>● Assist in coordinating meetings and facilitating exchanges between the Company, its affiliated companies, and SECOM Japan.</li> </ul>
Information Office	<ul style="list-style-type: none"> <li>● Maintain the email and electronic sign-off system.</li> <li>● Manage the big data analysis platform and support the application of data analysis in each unit.</li> <li>● Establish information security maintenance plans and implement information security standards and inspections.</li> <li>● Manage the connection mode of data among various application systems and the security of data transmission.</li> <li>● Technical support for the problems encountered by employees using computer systems in the Company.</li> </ul>
Statistical Analysis Office	<ul style="list-style-type: none"> <li>● Set up the evaluation and bonus system.</li> <li>● Analyze business performance.</li> <li>● Evaluate operational performance.</li> </ul>
Information Security Management Office	<ul style="list-style-type: none"> <li>● Develop relevant systems for planning information security.</li> <li>● Ensure effective protection of various information security through monitoring.</li> <li>● Assess and analyze potential information security threats.</li> <li>● Ensure the security of all data and information.</li> <li>● Conduct maintenance operations related to information security.</li> <li>● Carry out various information administration within the office.</li> </ul>

Operation Headquarters	<ul style="list-style-type: none"> <li>● Marketing, development, management, planning, and execution of business operations.</li> <li>● Collect and analyze market information, planning, executing, and assessing promotional campaigns.</li> <li>● Promote e-commerce marketing and handle channel sales contracting, quotation, and related matters.</li> <li>● Customer relationship management for medium to large companies.</li> <li>● Responsible for maintaining customer safety.</li> <li>● Introduction and promotion of the personal Data protection system.</li> <li>● Service operations and control processing.</li> <li>● Train and manage service personnel.</li> <li>● Establishment of the control office and customer service center.</li> </ul>
Business Integration Headquarters	<ul style="list-style-type: none"> <li>● Research on consumer market demand.</li> <li>● Plan and design innovative services and evaluate the operating models.</li> <li>● Research and Development of new products and technical guidance.</li> <li>● Develop and design software and firmware interfaces and image integration.</li> <li>● Technical support and training for various systems.</li> <li>● Establish and implement the quality control system.</li> <li>● Assist sales units in surveying new products and evaluating their introduction.</li> <li>● Formulate technical specifications related to system installation, construction, inspection repairs, etc.</li> <li>● Select and introduce purchased items.</li> </ul>
Smart City Headquarters	<ul style="list-style-type: none"> <li>● Promote the commercial systems.</li> <li>● Design and plan for the projects.</li> <li>● Develop the integration business for new construction sites.</li> <li>● Sell, plan, and install fire prevention system equipment.</li> <li>● Assist in promoting connectivity business after the outright sales.</li> <li>● Provide information on product and functional requirements.</li> <li>● Assist in business development.</li> <li>● System maintenance, safety inspection, project coordination and tracking.</li> <li>● Develop, track, consolidate, audit, and analyze customer service and payment performance. Plan and formulate relevant policies and management measures.</li> <li>● Implement initiatives to improve service quality and address areas for improvement.</li> </ul>
Accounting Headquarters	<ul style="list-style-type: none"> <li>● Enhance the handling of accounting affairs and establish and plan the accounting system.</li> <li>● Provide accurate and timely accounting and financial information for the reference of decision-making.</li> <li>● Invoice management and electronic payment (e-payment) account management.</li> <li>● Budget consolidation and preparation.</li> <li>● Tax planning and compliance with related laws and regulations.</li> </ul>
Administrative Headquarters	<ul style="list-style-type: none"> <li>● Purchase materials and supplies, control stocks, manage inventory regularly, and plan and manage resources.</li> <li>● Responsible for purchasing and negotiating prices of various items, and managing documents and seals.</li> <li>● Purchase, sale, lease, and maintenance of land, buildings, offices, and dormitories.</li> <li>● Company vehicle maintenance and scheduling management.</li> <li>● Contract management and assessment work.</li> <li>● Branch administrative operations and general affairs management.</li> <li>● Greenhouse gas inventory.</li> </ul>

	<ul style="list-style-type: none"> <li>● Management of Neihu office building, cloud computing building, employee training center, and training facilities in Tamsui.</li> </ul>
Digital Commerce Headquarters	<ul style="list-style-type: none"> <li>● Plan and execute online and offline marketing plans.</li> <li>● Maintenance and development of e-commerce platforms.</li> <li>● Management of CRM systems.</li> <li>● Management of orders, accounts, payment, and logistics.</li> <li>● Marketing and maintenance of the official website.</li> <li>● Development of suppliers, third-party channels, and corporate customers.</li> <li>● Management of memberships and community operations.</li> <li>● Cross-industry collaboration.</li> </ul>

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

### 3-2-1 Director

#### 1. Board members profile

Present base date of the number of shares held: March 31, 2024

Job title	Nationality of registration place	Name	Gender and 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		Educational background	Concurrent positions in the Company and other companies	Other officers, directors or supervisors of the Company who are spouses or relatives 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	Hsin Lan	-	2023.05.30	3 years	2014.06.24	4,000,585	0.89%	4,080,585	0.90%	-	-	-	-	Middlesex University Master's degree from Business Management (Marketing)	Director and Head of Chief Executive Officer of Goldsun Building Materials Co., Ltd.	-	-	-
	ROC	Investment Co., Ltd. Representative: Lin Chien-Han	Male 41-50 years old				3,514,688	0.78%	3,643,688	0.81%	-	-	-	-			Vice Chairman	Lin Ming-Sheng	Brothers
Vice Chairman	ROC	Yuan Hsin	-	2023.05.30	3 years	2002.06.19	8,076,190	1.79%	8,106,190	1.80%	-	-	-	-	Ph.D. In Law, Hastings College of the Law, University of California	Vice Chairman of Goldsun Building Materials Co., Ltd.	-	-	-
	ROC	Investment Co., Ltd. Representative: LIN Ming-Sheng	Male 41-50 years old				3,466,439	0.77%	3,466,439	0.77%	139,005	0.03%	-	-			Chairman	Lin Chien-Han	Brothers
Director	ROC	Cheng Hsin	-	2023.05.30	3 years	1996.04.20	21,851,337	4.84%	21,621,337	4.79%	-	-	-	-	Department of French at Wenzao Ursuline University of Languages	Deputy General Manager of the Company and Lee Bao Security Co., Ltd.	-	-	-
	ROC	Investment Co., Ltd. Representative: Lin Yun-Fang	Female 50-60 years old				-	-	-	-	-	-	-	-			-	-	-
Director	Japan	SECOM Co., LTD.	-	2023.05.30	3 years	1981.12.09	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	BA in Economics, Waseda University, Japan	Executive Director, SECOM Co., Ltd.	-	-	-
	Japan	Representative: Sato Sadahiro	Male 61-70 years old				-	-	-	-	-	-	-	-			-	-	-
Director	Japan	SECOM Co., LTD.	-	2023.05.30	3 years	1981.12.09	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	MBA, University of Chicago Booth School of Business, USA	GROUP International Business Headquarter Assistant Chief of Management Department, SECOM CO., Ltd.	-	-	-
	Japan	Representative: Matsui Hiromichi	Male 51-60 years old				-	-	-	-	-	-	-	-			-	-	-
Director	Japan	SECOM Co., LTD.	-	2023.05.30	3 years	1993.03.30	123,110,870	27.29%	123,110,870	27.29%	-	-	3,609,498	0.80%	Bachelor of Laws, Doshisha University, Japan	Deputy General Manager of the Company	-	-	-
	Japan	Representative: Kozaki Junichi	Male 51-60 years old				-	0.00%	-	0.00%	-	-	-	-			-	-	-
Director	ROC	Shin Lan	-	2023.05.30	3 years	2023.05.30	14,605,063	3.24%	14,115,063	3.13%	-	-	-	-	Bachelor's degree from the Department of Oriental Languages at Fu Jen Catholic University	Chairman of Goldsun Building Materials Co., Ltd.	-	-	-
	ROC	Enterprise Inc. Representative: Hsu Lan-Ying	Female 61-70 years old				-	-	-	-	-	-	-	-			-	-	-
Director	ROC	Tu Heng-Yi	Male 61-70 years old	2023.05.30	3 years	2011.06.15	50,750	0.01%	50,750	0.01%	-	-	-	-	MBA, Hawaii National University, USA	Chairman of Wan Yuan Textiles	-	-	-
Independent director	ROC	Chen Tien-Wen	Male 61-70 years old	2023.05.30	3 years	2017.06.22	-	-	-	-	-	-	-	-	MBA in Business Administration, University of Southern California, USA	Chairman of CAI Global Holdings Ltd.	-	-	-
Independent director	ROC	Chiang Yung-Cheng	Male 61-70 years old	2023.05.30	3 years	2020.06.16	-	-	-	-	-	-	-	-	Bachelor of Law, Soochow University	Lawyer, Zhengbang and Zhengyang United Law Firm	-	-	-
Independent director	ROC	Chiang Kuang-Tse	Male 50-60 years old	2023.05.30	3 years	2023.05.30	-	-	-	-	-	-	-	-	MBA (Haas School of Business), University of California, Berkeley	Chairman of Aisifengyi Co., Ltd.	-	-	-
Independent director	ROC	Wei Chi-Lin	Male 60-80 years old	2023.10.03	3 years	2023.10.03	-	-	-	-	-	-	-	-	Ph.D. in Economics, University of Paris, France	Chairman of IBF Financial Holdings Co.,Ltd.	-	-	-

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:

The Chairman of the Company also serves as the General Manager in order to enhance operational efficiency and decision-making effectiveness. The Chairman also maintains close communication with the directors to fully understand the current business situation and implement the Company's operational plans.

1. Addition of one independent director seat.
2. In each functional committee stage, independent director seats can be fully discussed and suggestions can be made for the Board of Directors' reference, to implement corporate governance
3. The majority of the board members do not concurrently hold positions as employees or managers.

2. Table 1: Principal shareholders of corporate shareholders

March 31, 2024

Name of corporate shareholder	Principal shareholders of corporate shareholders (shareholding)
Cheng Hsin Investment Co., Ltd.	Lin Hsiao-Hsin (44.27%), Lin Ming-Sheng (27.86%), Lin Chien-Han (27.86%)
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%)
Yuan Hsin Investment Co., Ltd.	Lin Hsiao-Hsin (22.06%), Lin Ming-Sheng (38.97%), Lin Chien-Han (38.97%)
SECOM Co., LTD.	The Master Trust Bank of Japan, Ltd. (23%), Custody Bank of Japan, Ltd. (8.61%), JP MORGAN CHASE BANK (4.55%), The Master Trust Bank of Japan, Ltd. (3.18%), STATE STREET BANK WEST CLIENT-TREATY 505234 (2.38%), SECOM Science and Technology Foundation (1.90%)
Shin Lan Enterprise Inc.	Cheng Hsin Investment Co., Ltd. (20.71%), Yingkai Co., Ltd. (4.73%), Maosen International Co., Ltd. (4.73%), Maojie Industrial Co., Ltd. (4.73%), Yuan Hsin Investment Co., Ltd. (2.59%), Hsin Lan Investment Co., Ltd. (2.24%)

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

March 31, 2024

Name of corporate shareholder	Principal shareholders of corporate shareholders (shareholding)
Yingkai Co., Ltd.	Lin Hung-Chun (100%)
Mao Sen International Co., Ltd.	Lin Chia-Ling (99.96%), Yu Ming-Hsien (0.04%)
Maojie Industrial Co., Ltd.	Lin Jing-Yi (100%)

### 3. Board members profile

#### 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
Vice Chairman Lin Chien-Han	Served as vice 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 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 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 Liu Yun-Fang	Served as Deputy General Manager 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 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 listed companies' director, 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	2

Criteria Name	Professional qualifications and experience	Status of independence	Concurrently serving as an independent director in other publicly listed companies
		Matters for Public Companies two years before being elected and during the term of office.	
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 Chiang Kuang-Tse	Served as Chairman of Aisifengyi Co., Ltd., 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.	0
Independent director Wei Chi-Lin	Served as chairman of IBF Financial Holdings Co., Ltd. and International Bills Finance Corp, 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 judgment 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 17th Board of Directors consists of 12 directors, including 4 independent directors, with 33% 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 12 members of the Board of Directors, 83% (10) are male directors (including independent directors) and 17% (2) are female directors. The Company shall endeavor to increase the number of female board members in the future, aiming to achieve the goal.

C. Implementation of diversity of board members:

The current Board of Directors is composed of 12 directors and, 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 4 independent directors, Chen Tien-Wen is the Chairman of CAI Cathay Ltd., Chiang Yung-Cheng is the partner attorney of Zhengbang & Zheng Yang Associates Law Firm, Chiang Kuang-Tse is the Chairman of Aisifengyi Co., Ltd. and Wei Chi-Lin is the Chairman of IBF Financial Holdings Co., Ltd and International Bills Finance Corp. They have expertise in legal practice, finance and accounting, industry knowledge and business judgment, respectively.

Among the other 8 directors, Director Lin Ming-Sheng and Hsu Lan-Ying serve as chairmen of listed companies, Director Lin Chien-Han is an industry professional, Director Liu Yun-Fang is the Deputy General Manager of Leebao Security Co., Ltd. and an industry professional, and Tu Heng-Yi as Chairman and in other significant management positions at Wan Yuan Textile Co., Ltd. The basic composition of the Board of Directors is as follows:

Diversity Policy Name	Basic composition (Note 1)		Professional experience (Note 2)					
	Concurrently an employee of the Company	Length of service of independent Directors under 3 years	Professional experience					Professional Competence
			Law	Accounting	Industry	Finance	Marketing	
Lin Chien-Han	✓		✓	✓	✓	✓	✓	Marketing management
Lin Ming-Sheng	✓		✓	✓	✓	✓	✓	Jurisprudence
Sato Sadahiro			✓	✓	✓	✓	✓	Economics
Nakata Takashi			✓	✓	✓	✓	✓	Science and technology
Onodera Hirofumi			✓	✓	✓	✓	✓	Engineering
LIU Yun-Fang	✓		✓	✓	✓	✓	✓	Foreign languages
Hsu Lan-Ying	✓		✓	✓	✓	✓	✓	Business
Tu Heng-Yi			✓	✓	✓	✓	✓	Enterprise management
Chen Tien-Wen			✓	✓	✓	✓	✓	Enterprise management
Chiang Yung-Cheng			✓	✓	✓	✓	✓	Jurisprudence
Chiang Kuang-Tse	✓		✓	✓	✓	✓	✓	Management
Wei Chi-Lin	✓		✓	✓	✓	✓	✓	Economics

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.

Note2 ✓ means having the capability in the field.

(2) Independence of the Board of Directors:

- A. The Company has 12 directors, including 4 independent directors, accounting for 33% 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 Managers, Deputy General Managers, Assistant Presidents, and Supervisors of Departments and Branches

Base date of the number of shares held: March 31, 2024

Job title	Nationality	Name	Gender	Elected/appointment Date	Shareholdings		Shareholdings of spouse/minor children		Educational background	Concurrent positions in other companies	Managers of the Company who are spouses or relatives 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	Brothers
Head of Chief Executive Officer	ROC	Lin Chien-Han	Male	2016.01.01	3,643,688	0.81%	-	-	MA in Marketing Management, Middlesex University, UK	Director of Goldsun Building Materials Co., Ltd.	Chief Strategy Officer	Lin Ming-Sheng	Brothers
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.	-	-	-
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.	-	-	-
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	-	-	-
Chief Executive Officer	ROC	Lin Lei	Male	2023.12.15	-	-	-	-	Gaoqi Vocational High School Automotive Repair Department	Director of Brighton Technology and Engineering Corporation	-	-	-
Chief Executive Officer	ROC	Lin Chih-Fang	Male	2023.12.15	-	-	-	-	Department of Oriental Languages, Tamkang University	None	-	-	-
General Manager	ROC	Hsu Lan-Ying	Female	2005.03.25	-	-	-	-	Department of Oriental Languages, Fu Jen Catholic University	Chairman of Goldsun Building Materials Co., Ltd.	-	-	-
General Manager	ROC	Chiang Wen-Liang	Male	2014.03.01	-	-	-	-	Department of Electrical Engineering, Kuang Wu Industry Junior College	Chairman of Aion Computer Communication 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	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, Luhghwa University of Science and Technology	Director of Comlink Fire Systems Inc.	-	-	-
General Manager	ROC	Lu Chen-Lung	Male	2022.03.16	-	-	-	-	Master Program, Department of Cultural and Creative Management, Nanhua University	None	-	-	-
General Manager	ROC	Lung Chang-Chi	Female	2023.11.16	-	-	-	-	Michigan State University, USAM. A. Telecommunications	Chairman of Infinishop Co., Ltd.	-	-	-
Deputy General Manager	ROC	Chen Chia-Ying	Female	2014.10.30	-	-	-	-	MSc Development Economics and Policy, University of Manchester	General Manager of Goldsun Building Materials Co., Ltd.	-	-	-
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.	-	-	-

Job title	Nationality	Name	Gender	Elected/appointment Date	Shareholdings		Shareholdings of spouse/minor children		Educational background	Concurrent positions in other companies	Managers of the Company who are spouses or relatives within the 2nd degree of kinship under the Civil Code		
					Number of shares	Ownership (%)	Number of shares	Ownership (%)			Job title	Name	Relationship
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	-	-	-
Deputy General Manager	ROC	Yen Hung-Chun	Male	2023.04.06	-	-	-	-	Master Program in Digital Content Technology and Management, National Changhua University of Education	None	-	-	-
Deputy General Manager	ROC	Kozaki Junichi	Male	2023.06.01	-	-	-	-	Department of Laws, Doshisha University, Japan	None	-	-	-
Deputy General Manager	ROC	Tang Tun-Tai	Male	2023.11.16	-	-	-	-	Graduate Institute of Civil Engineering, National Central University	Deputy General Manager of Infinishop Co., Ltd.	-	-	-
Deputy General Manager	ROC	Li Ching-Chun	Male	2024.03.01	-	-	-	-	Department of Engineering, Nantou Senior High School	None	-	-	-
Deputy General Manager	ROC	Chen Hui-Mei	Female	2024.03.01	-	-	-	-	M.S., Department of Management Science, Tamkang University.	None	-	-	-
Head of Corporate Governance	ROC	Wu Cheng-Chih	Male	2021.05.13	-	-	-	-	College of Law, National Taiwan University	None	-	-	-
Chief Financial Officer	ROC	Lin Tzu-Hsin	Female	2024.01.26	-	-	-	-	MBA at National Taipei University	None	-	-	-

Note:1 The Company's accounting supervisor is the Chief Executive Officer Chen Su-Ling.

Note:2 The Company's managerial officers have not yet held shares in the names of others.

Note:3 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: The Chairman of the Company also serves as the General Manager in order to enhance operational efficiency and decision-making effectiveness. The Chairman also maintains close communication with the directors to fully understand the current business situation and implement the Company's operational plans for corporate governance. Currently, the Company has implemented the following measures:

1. Addition of one independent director seat.
2. In each functional committee stage, independent director seats can be fully discussed and suggestions can be made for the Board of Directors' reference, to implement corporate governance
3. The majority of the board members do not concurrently hold positions as employees or managers.

### 3-2-3 Remuneration paid to Directors, Independent Directors, the General Managers, and Deputy General Managers

#### 1. Director's remuneration

Unit: NT\$ thousand

Job title	Name	Director's remuneration				Sum of A, B, C and D as a percentage of net income	Remuneration of part-time employee				Sum of A, B, C, D, E, F and G as a percentage of net income		Receiving remuneration from non-subsidiary investee companies or the parent company								
		Remunerations (A)		Retirement pension (B)	Remuneration of directors (C)		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							
Chairman	Hsin Lan Investment Co., Ltd. Representative: Lin Chien-Han	280	280	-	-	43,544	43,544	60	60	43,884 1.69%	43,884 1.69%	-	-	-	58,014 2.24%	58,448 2.26%	640				
Chairman (Note 5)	Lin Hsiao-Hsin	8,657	8,657	-	-	-	-	1,015	1,015	9,672 0.37%	9,672 0.37%	-	-	-	9,672 0.37%	9,672 0.37%	500				
Vice Chairman	Yuan Hsin Investment Co., Ltd. Representative: LIN Ming-Sheng	280	280	-	-	26,126	26,126	110	110	26,516 1.02%	26,516 1.02%	8,524	8,813	-	14	-	14	-	35,054 1.35%	35,343 1.36%	7,050
Director	Cheng Hsin Investment Co., Ltd. Representative: Liu Yun-Fang	1,541	1,541	-	-	52,254	52,254	637	637	54,432 2.10%	54,432 2.10%	15,338	15,974	-	40	-	40	-	69,810 2.69%	70,446 2.72%	-
Director	SECOM Co., LTD. Representative: Sato Sadahiro																				
Director	SECOM Co., LTD. Representative: Nakata Takashi																				
Director	SECOM Co., LTD. Representative: Onodera Hirofumi																				
Director	Shin Lan Enterprise Inc. Representative: Hsu Lan-Ying																				
Director (Note 5)	Chin Kuei Investment Co., Ltd. Representative: Hsu Lan-Ying																				
Director	Tu Heng-Yi																				
Independent Director	Chen Tien-Wen	9,160	9,160	-	-	-	-	540	540	9,700 0.37%	9,700 0.37%	-	-	-	-	-	-	-	9,700 0.37%	9,700 0.37%	-
Independent Director	Chiang Yung-Cheng																				
Independent Director	Chiang Kuang-Tse																				
Independent Director (Note 5)	Tung Chun-Yi																				
Independent Director (Note 6)	Wei Chi-Lin																				

Note:1 The Company did not provide the cost of vehicle use and purchasing for directors.

Note:2 The Company provides director's vehicles with driver's salary totaling NT\$766 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.

Note:5 On May 30th, 2023, the shareholders' meeting was held to elect new directors and dismiss current directors.

Note:6 On October 3rd, 2023, an extraordinary shareholders' meeting was held to elect one additional independent director seat.

## Range of remunerations

Range of remunerations of the Company's 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
Less than NT\$1,000,000	Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: Hsu Lan-Ying) Independent director: Wei Chi-Lin	Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: Hsu Lan-Ying) Independent director: Wei Chi-Lin	Independent director: Wei Chi-Lin	Independent director: Wei Chi-Lin
NT\$1,000,000 (including) ~ NT\$2,000,000 (excluded)	Independent director: Chiang Kuang-Tse Independent director: Tung Chun-Yi	Independent director: Chiang Kuang-Tse Independent director: Tung Chun-Yi	Independent director: Chiang Kuang-Tse Independent director: Tung Chun-Yi	Independent director: Chiang Kuang-Tse Independent director: Tung Chun-Yi
NT\$2,000,000 (including) ~ NT\$3,500,000 (excluded)	Independent director: Chen Tien-Wen Independent director: Chiang Yung-Cheng	Independent director: Chen Tien-Wen Independent director: Chiang Yung-Cheng	Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: Hsu Lan-Ying) Independent director: Chen Tien-Wen Independent director: Chiang Yung-Cheng	Non-executive director: Chin Kuei Investment Co., Ltd. (Representative: Hsu Lan-Ying) Independent director: Chen Tien-Wen Independent director: Chiang Yung-Cheng
NT\$3,500,000 (including) ~ NT\$5,000,000 (excluded)	-	-	-	-
NT\$5,000,000 (including) ~ NT\$10,000,000 (excluded)	Non-executive director: Lin Hsiao-Hsin Non-executive director: Cheng Hsin Investment Co., Ltd. (Representative: Liu Yun-Fang) Non-executive director: SECOM Co., LTD. (Representative: Sato Sadahiro) (Representative: Nakata Takashi) (Representative: Onodera Hirofumi) Non-executive director: Shin Lan Enterprise Inc. (Representative: Hsu Lan-Ying) Non-executive director: Tu Heng-Yi	Non-executive director: Lin Hsiao-Hsin Non-executive director: Cheng Hsin Investment Co., Ltd. (Representative: Liu Yun-Fang) Non-executive director: SECOM Co., LTD. (Representative: Sato Sadahiro) (Representative: Nakata Takashi) (Representative: Onodera Hirofumi) Non-executive director: Shin Lan Enterprise Inc. (Representative: Hsu Lan-Ying) Non-executive director: Tu Heng-Yi	Non-executive director: Lin Hsiao-Hsin Non-executive director: SECOM Co., LTD. (Representative: Sato Sadahiro) (Representative: Nakata Takashi) (Representative: Onodera Hirofumi) 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: Cheng Hsin Investment Co., Ltd. (Representative: Liu Yun-Fang) Non-executive director: SECOM Co., LTD.	Non-executive director: Lin Hsiao-Hsin Non-executive director: Cheng Hsin Investment Co., Ltd. (Representative: Liu Yun-Fang)
			(Representative: Onodera Hirofumi) Non-executive director: Shin Lan Enterprise Inc. (Representative: Onodera Hirofumi) (Representative: Hsu Lan-Ying)	Non-executive director: SECOM Co., LTD. (Representative: Onodera Hirofumi) Non-executive director: Shin Lan Enterprise Inc.

Range of remunerations of the Company's 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 (Representative: Hsu Lan-Ying)
NT\$15,000,000 (including) ~ NT\$30,000,000 (excluded)	Non-executive director: Yuan Hsin Investment Co., Ltd. (Representative: Lin Ming-Sheng)	Non-executive director: Yuan Hsin Investment Co., Ltd. (Representative: Lin Ming-Sheng)	-	-
NT\$30,000,000 (including) ~ 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)	Non-executive director: Yuan Hsin Investment Co., Ltd. (Representative: Lin Ming-Sheng)
NT\$50,000,000 (including) ~ NT\$100,000,000 (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)
Over NT\$100,000,000	-	-	-	-
Total	15	15	15	15

## 2. Remuneration paid to General Managers and Deputy General Managers

Job title	Name	Salary (A)		Retirement pension (B) (Note 4)		Bonuses, allowances, etc. (C)		Amount of employee remuneration (D)				Sum of A, B, C and D as a percentage of net income (%)		Receiving remuneration from non-subsidiary investee companies or the parent company	
		The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company	All companies in the financial statements	The Company		All companies in the financial statements		The Company	All companies in the financial statements		
								Cash amount	Stock amount	Cash amount	Stock amount				
Chief Strategy Officer	Lin Ming-Sheng														
Head of Chief Executive Officer	Lin Chien-Han														
Head of Chief Executive Officer (Note 5)	Onodera Hirofumi														
Chief Executive Officer	Li Jung-Kuei														
Chief Executive Officer	Chou Hsing-Kuo														
Chief Executive Officer	Chen Su-Ling														
Chief Executive Officer	Lin Lei														
Chief Executive Officer	Lin Chih-Fang														
General Manager	Hsu Lan-Ying														
General Manager	Chiang Wen-Liang														
General Manager	Chang Chun-Yuan														
General Manager	Lei Ching-Ming														
General Manager	Chang Lan-Ching														
General Manager	Huang Hsien-Kuei														
General Manager	Teng Ching-Chung														
General Manager	Chang Nai-Sen														
General Manager	Lu Chen-Lung														
General Manager	Lung Chang-Chi														
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														
Deputy General Manager	Yen Hung-Chun														
Deputy General Manager	Kozaki Junichi														
Deputy General Manager	Tang Tun-Tai														

Note:1 The managerial officers in this table are those who have disclosed that they received the allotted remuneration in 2023.

Note:2 Cost of vehicle purchase for managerial officers of all companies is not included in the consolidated statements.

Note:3 Cost of salary for the drivers who drive the vehicles for managerial officers of all companies in the consolidated statements totals NT\$1,844 thousand.

Note:4 The pensions listed above are the actual amount distributed. The appropriated amounts by the Company and all companies in the financial statements are NT\$2,403 thousand.

Note:5 Head of Chief Executive Officer Hiroshi Onodera was dismissed on June 15, 2023.

Range of remunerations

General Manager's and Deputy General Managers' remuneration brackets	Name of General Manager and Deputy General Manager	
	The Company	Parent company and all reinvested businesses E
Less than NT\$1,000,000	Lin Lei, Lin Zhi Fang, Lung Chang-Chi, Tang Dun Tai	Lung Chang-Chi, Tang Dun Tai
NT\$1,000,000 (including) ~ NT\$2,000,000 (excluded)	Takahata Hidenori, Hu Chih-Chiang, Yen Hung-Chun	Takahata Hidenori, Hu Chih-Chiang, Yen Hung-Chun
~ NT\$2,000,000 (including) NT\$3,500,000 (excluded)	Onodera Hirofumi, Chen Chia-Ying, Lin Chia-Hui, Wang Chih-Chiang, Hung Pei-Hsiu, Wu Jung-Hua, Kozaki Junichi	Onodera Hirofumi, Lin Chia-Hui, Wang Chih-Chiang, Hung Pei-Hsiu, Wu Jung-Hua, Kozaki Junichi
NT\$3,500,000 (including) ~ NT\$5,000,000 (excluded)	Chang Chun-Yuan, Lei Ching-Ming, Huang Hsien-Kuei, Teng Ching-Chung, Chang Nai-Sen, Chan Jui-Tung, Chang Hui-Ching, Liu Yun-Fang	Chang Chun-Yuan, Huang Hsien-Kuei, Teng Ching-Chung, Chang Nai-Sen, Chan Jui-Tung, Chang Hui-Ching, Liu Yun-Fang
NT\$5,000,000 (including) ~ NT\$10,000,000 (excluded)	Lin Ming-Sheng, Chen Su-Ling, Hsu Lan-Ying, Chang Lan-Ching, Lu Chen-Lung	Hsu Lan-Ying, Lin Lei, Lei Ching-Ming, Chang Lan-Ching, Lu Chen-Lung, Chen Chia-Ying
NT\$10,000,000 (including) ~ NT\$15,000,000 (excluded)	Lin Chien-Han, Li Jung-Kuei, Chou Hsing-Kuo, Chiang Wen-Liang	Li Jung-Kuei, Chou Hsing-Kuo, Chen Su-Ling, Chiang Wen-Liang
NT\$15,000,000 (including) ~ NT\$30,000,000 (excluded)	-	Lin Ming-Sheng, Lin Chien-Han
NT\$30,000,000 (including) ~ NT\$50,000,000 (excluded)	-	-
NT\$50,000,000 (including) ~ NT\$100,000,000 (excluded)	-	-
Over NT\$100,000,000	-	-
Total	31	31

3. Distribution of employee remuneration - managers' names and distribution status

March 31, 2024

Unit: NT\$ thousand; %

	Job title	Name	Stock amount	Cash amount	Total	Percentage of net earnings after tax (%)
Manager	Chief Strategy Officer	Lin Ming-Sheng	372	372		0.01%
	Head of 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				
	Chief Executive Officer	Lin Lei				
	Chief Executive Officer	Lin Chih-Fang				
	General Manager	Hsu Lan-Ying				
	General Manager	Chiang Wen-Liang				
	General Manager	Chang Chun-Yuan				
	General Manager	Lei Ching-Ming				
	General Manager	Huang Hsien-Kuei				
	General Manager	Teng Ching-Chung				
	General Manager	Lu Chen-Lung				
	General Manager	Lung Chang-Chi				
	Deputy General Manager	Chen Chia-Ying				
	Deputy General Manager	Lin Chia-Hui				
	Deputy General Manager	Wang Chih-Chiang				
	Deputy General Manager	Chan Jui-Tung				
	Deputy General Manager	Chang Hui-Ching				
	Deputy General Manager	Liu Yun-Fang				
	Deputy General Manager	Wu Jung-Hua				
	Deputy General Manager	Hu Chih-Chiang				
	Deputy General Manager	Yen Hung-Chun				
	Deputy General Manager	Kozaki Junichi				
	Deputy General Manager	Tang Tun-Tai				
	Deputy General Manager	Li Ching-Chun				
	Deputy General Manager	Chen Hui-Mei				
	Head of Corporate Governance	Wu Cheng-Chih				
	Chief Financial Officer	Lin Tzu-Hsin				

Note:1 The remuneration paid to employees by the Company is based on the number of employees.

Note:2 The Chief Executive Officer Chen Su-Ling also serves as the Company's accounting supervisor.

3-2-4 Analysis of the total remuneration paid to directors, general managers, and executive vice general managers by the Company and its consolidated subsidiaries in the past two fiscal years as a percentage of the parent company only or consolidated financial statements' net income for the current year, description of the policies, criteria and composition of compensation; the procedures to determine compensation, and their interrelationship with business performance and future risk:

1. Analysis of the total remuneration paid to directors, general managers, and executive vice general managers by the Company and its consolidated subsidiaries in the past two fiscal years as a percentage of the individual or respective financial report's net profit for the current year:

Unit: NT\$ thousand; %

Item	The Company				All companies in consolidated financial statements			
	2023		2022		2023		2022	
	Total amount	As a percentage of net income after tax	Total amount	As a percentage of net income after tax	Total amount	As a percentage of net income after tax	Total amount	As a percentage of net income after tax
Director's remuneration	182,250	7.03%	178,066	6.91%	183,609	7.09%	179,875	6.98%
Remuneration paid to General Managers and Deputy General Managers	144,600	5.58%	117,064	4.54%	149,239	5.76%	122,687	4.76%
Net income after Tax	2,591,253	-	2,578,741	-	2,591,253	-	2,578,741	-

Note:1 The increase in directors' remuneration in 2023 compared with 2022 was due to the increase in net income after tax in 2023; the increase in total remuneration of the general managers and deputy general managers compared with 2022 was due to the increase in bonus payments of managerial officers.

Note:2 The Company has established the positions of independent directors since June 22, 2017, so there are no supervisors.

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

(1) Remuneration policies, standards and composition:

A. 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.

B. 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 26 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.

C. 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.

(2) Procedures for setting remuneration amounts:

A. 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, etc.; 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.

B. For the fiscal year 2023, the self-assessment results of the Board of Directors, directors, and members of each functional committee all significantly exceeded the standards. Therefore, the performance evaluation results of the executives for the fiscal year 2023 show that all executives have met or exceeded the predetermined

goals. The assessment results of the Company's annual operating indicators have also reached the highest standards.

C. 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 2023 are reviewed by the Remuneration Committee and submitted to the Board of Directors' meeting for resolution and approval.

(3) Relationship to the Company's operating performance and future risks:

- A. 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.
- B. 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 2023, the 16th Board of Directors has met 2 times, and the attendance of directors is shown below:**

Title	Name	Attendance (B)	Attendances by proxy	Attendance Rate (%) [B/A]	Remark
Chairman	LIN Hsiao-Hsin	2	0	100%	
Vice Chairman	Hsin Lan Investment Co., Ltd. Representative: LIN Chien-Han	2	0	100%	
Director	Yuan Hsin Investment Co., Ltd. Representative: LIN Ming-Sheng	2	0	100%	
Director	Secom Co., Ltd. Representative: SATO Sadahiro	2	0	100%	
Director	Secom Co., Ltd. Representative: NAKATA Takashi	2	0	100%	
Director	Secom Co., Ltd. Representative: ONODERA Hirofumi	2	0	100%	
Director	TU Heng-Yi	2	0	100%	
Director	Chin Kuei Investment Co., Ltd. Representative: HSU Lan-Ying	2	0	100%	
Independent Director	CHEN Tien-Wen	2	0	100%	
Independent Director	CHIANG Yung-Cheng	2	0	100%	
Independent Director	TUNG Chun-Yi	1	1	50%	

**As of the most recent fiscal year 2023 and 2024 and up to the date of the publication of the annual report, the 17th board has met 5 times, and the attendance of directors is shown below:**

Title	Name	Attendance (B)	Attendances by proxy	Attendance Rate (%) [B/A]	Remark
Chairman	Hsin Lan Investment Co., Ltd. Representative: LIN Chien-Han	5	0	100%	Re-election on May 30, 2023
Vice Chairman	Yuan Hsin Investment Co., Ltd. Representative: LIN Ming-Sheng	5	0	100%	Re-election on May 30, 2023

Director	Secom Co., Ltd. Representative: SATO Sadahiro	5	0	100%	Re-election on May 30, 2023
Director	Secom Co., Ltd. Representative: NAKATA Takashi	5	0	100%	Re-election on May 30, 2023
Director	Secom Co., Ltd. Representative: ONODERA Hirofumi	5	0	100%	Re-election on May 30, 2023
Director	TU Heng-Yi	4	1	80%	Re-election on May 30, 2023
Director	Shin Lan Enterprise Inc. Representative: HSU Lan-Ying	5	0	100%	Newly election on May 30, 2023
Independent Director	CHEN Tien-Wen	4	1	80%	Re-election on May 30, 2023
Independent Director	CHIANG Yung-Cheng	4	1	80%	Re-election on May 30, 2023
Independent Director	CHIANG Kuang-Tse	5	0	100%	Newly election on May 30, 2023
Independent Director	WEI, Chi-Lin	2	1	50%	Newly appointed on October 3, 2023, an additional independent director was elected.

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 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 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 and LIN Chien-Han
    - (2) Reasons for avoiding conflict of interest: Involving self-interest.
    - (3) Participation in voting:
      - i. Mr. LIN Hsiao-Hsin (chairman) and Mr. LIN Chien-Han (vice chairman) did not participate in the discussion and voting of this motion in accordance with the law. Chairman LIN Hsiao-Hsin appointed independent director CHEN Tien-Wen as the

- acting chairman to chair the discussion and resolution of the motion.
- ii. All other directors and independent directors presented consent to the passing of the resolution without raising any objection when the acting chairman puts forward the motion for approval.
- 3. Proposed amendments to the Company's "Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees".
  - (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 2023 Annual Shareholders' Meeting for discussion.
- Motions of the 2nd meeting of the 17th session of Board of Directors of the Company on June 8, 2023 are as follows:
  - 1. Proposed to appoint Mr. LIN Chien-Han as the Head of CEO of the Company:
    - (1) Name of directors: LIN Chien-Han
    - (2) Reasons for avoiding conflict of interest: Involving self-interest.
    - (3) Participation in voting:
      - i. Mr. LIN Chien-Han (chairman) did not participate in the discussion and voting of this motion in accordance with the law. Chairman LIN Chien-Han appointed independent director CHEN Tien-Wen as the acting chairman to chair the discussion and resolution of the motion.
      - ii. All directors consent to the passing of the resolution without raising any objection when the Chairman puts forward the motion for approval.
- Motions of the 4th meeting of the 17th session of Board of Directors of the Company on November 13, 2023 are as follows:
  - 1. The Company proposed to acquire the real property from related party:
    - (1) Name of directors: HSU Lan-Ying
    - (2) Reasons for avoiding conflict of interest: Involving self-interest.
    - (3) Participation in voting:
      - i. HSU Lan-Ying (director) did not participate in the discussion and voting of this motion in accordance with the law.
      - ii. All directors consent to the passing of the resolution without raising any objection when the Chairman puts forward the motion for approval.
- Motions of the 5th meeting of the 17th session of Board of Directors of the Company on March 12, 2024 are as follows:
  - 1. Motion of the Company's donation to "Taiwan Secom Cultural Foundation":
    - (1) Name of directors: LIN Chien-Han and LIU Yun-Fang
    - (2) Reasons for avoiding conflict of interest: Involving self-interest.
    - (3) Participation in voting:
      - i. Mr. LIN Chien-Han (chairman) and Ms. LIU Yun-Fang (director) did not participate in the discussion and voting of this motion in accordance with the law. Chairman LIN Chien-Han 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 be calculated based on the number of meeting times of the Board of Director during the person's service period, and the actual attendance of the director supervisor.

(2) If 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 Types	Evaluation Methods	Scoring Criteria	Assessment Results (out of 5 points)
Overall performance appraisal of the board.	Evaluated by the agenda working unit based on the actual operation of the Board	<p>The Criteria covers the following five aspects:</p> <ol style="list-style-type: none"><li>1. Engagement in the operation of the Company</li><li>2. improvement of the quality of the board of directors' decision making</li><li>3. composition and structure of the board of directors</li><li>4. election and continuing education of the directors</li><li>5. internal control</li></ol>	Overall average 4.77 points, which is rated as excellent.
Performance appraisal of the board members.	Self-evaluation by each board member	<p>The Criteria covers the following six aspects:</p> <ol style="list-style-type: none"><li>1. The alignment of the goals and missions of the Company</li><li>2. awareness of the duties of a director</li><li>3. The participation in the operation of the Company</li><li>4. management of internal relationship and communication</li><li>5. the director's professionalism and continuing education</li><li>6. internal control</li></ol>	Individual average 4.84 points, which is rated as excellent.
Performance appraisal of the audit committee	Self-evaluation by each committee	<p>The Criteria covers the following five aspects:</p> <ol style="list-style-type: none"><li>1. The participation in the operation of the Company.</li><li>2. awareness of the duties of the audit committee</li><li>3. improvement of quality of decisions made by the audit committee</li><li>4. Makeup of the Audit Committee and election of its members.</li><li>5. Internal control.</li></ol>	Audit Committee average 4.94 points, which is rated as excellent.

Evaluation Types	Evaluation Methods	Scoring Criteria	Assessment Results (out of 5 points)
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"> <li>1. The participation in the operation of the Company.</li> <li>2. Awareness of the duties of the compensation committee.</li> <li>3. Improvement of quality of decisions made by the compensation committee.</li> <li>4. Makeup of the compensation committee and election of its members.</li> <li>5. Internal control.</li> </ol>	Compensation Committee average 5 points, which is rated as excellent.
Performance appraisal of the ESG committee	Self-evaluation by each ESG committee	<p>The Criteria covers the following five aspects:</p> <ol style="list-style-type: none"> <li>1. The participation in the operation of the Company.</li> <li>2. Awareness of the duties of the ESG committee</li> <li>3. Improvement of quality of decisions made by the ESG committee.</li> <li>4. Makeup of the ESG committee and election of its members.</li> <li>5. Internal control.</li> </ol>	ESG Committee average 5 points, which is rated as excellent.
Performance appraisal of the nominating committee	Self-evaluation by each nominating committee	<p>The Criteria covers the following five aspects:</p> <ol style="list-style-type: none"> <li>1. The participation in the operation of the Company.</li> <li>2. Awareness of the duties of the nominating committee.</li> <li>3. Improvement of quality of decisions made by the nominating committee.</li> <li>4. Makeup of the nominating committee and election of its members.</li> <li>5. Internal control.</li> </ol>	Nominating Committee average 5 points, which is rated as excellent.

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, 2023 to December 31, 2023.

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 (2023 and 2024) and up to the date of the publication of the annual report, the audit committee has met 6 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	1	83%	Re-elected
Independent Director	CHIANG Yung-Cheng	5	1	83%	Re-elected
Independent Director	TUNG Chun-Yi	1	1	50%	2023/05/30 re-election and removal
Independent Director	CHIANG Kuang-Tse	4	0	100%	2023/05/30 re-election and newly-appointed
Independent Director	WEI, Chi-Lin	1	1	50%	On October 3, 2023, an additional independent director was elected.

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 (2023), the Committee has met 2 times, and the matters discussed included:
  1. Establish or amend the internal control protocols in accordance with Article 14-1 of the Securities and Exchange Act.
  2. Evaluation of the effectiveness of the internal control protocols.
  3. 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.
  4. A matter bearing on the personal interest of a director.
  5. A material asset or derivatives transaction.
  6. A material monetary loan, endorsement, or provision of guarantee.
  7. The offering, issuance, or private placement of any equity-type securities.
  8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
  9. The appointment or discharge of a financial, accounting, or internal auditing officer.
  10. Annual financial reports and semi-annual financial reports.
  11. Any other material matter so required by the company or the Competent Authority.
  12. The performance of the duties of the audit committee.
  13. Self-assessment questionnaire for audit committee performance appraisal.

#### (II) Compilation of the 2023 work highlights:

- Review financial report

The board of directors has produced the Company's 2023 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 3rd meeting of the 3rd term audit committee on November 13, 2023 and the 4th meeting of the 17th board on March 12, 2024 reviewed the assessment of independence of accountants LIU Hui-Yuan and WANG Hsuan-Hsuan 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
2023/03/14 (The 11th meeting of the 2nd 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 application for credit lines from the financial institutions	V	-
	(10) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit	V	-

	facilities from financial institutions.		
	(11) Approval of 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.		
2023/05/11 (The 12th meeting of the 2nd session)	(1) Approval of the Company's Q1 2023 consolidated financial report.	V	-
	(2) Approval of application for credit lines from the financial institutions	V	-
	(3) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.	V	-
	(4) Approval of the proposal to lend funds to subsidiaries.	V	
	Resolution of the Audit Committee (May 11, 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.		
2023/06/08 (The 1st meeting of the 3rd session)	(1) Approval of the proposal to amend the provisions of the Company's Articles of Incorporation.	V	
	(2) Proposal of matters regarding the Company's 2023 First Annual Extraordinary 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.		
2023/08/10 (The 2nd meeting of the 3rd session)	(1) Approval of the Company's Q2 2023 consolidated financial report.	V	-
	(2) Proposal of matters regarding the Company's 2023 Second Annual Extraordinary Shareholders' Meeting.	V	-
	(3) Approval of the amendments to R&D of the circulation of the Company's "Inter Control System" and "Internal Audit Operations"	V	-
	(4) Approval of application for credit lines from the 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, 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.		V
2023/11/13 (The 3rd meeting of the 3rd 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 proposal to acquire the real property from related party	V	-
	(3) Approval of the Company's Q3 2023 consolidated	V	-

	financial report.		
	(4) Approval of the regular assessment of the CPAs' independence	V	-
	(5) Approval of the amendments to information process of the Company's "Inter Control System"	V	-
	(6) Approved the 2024 audit plan	V	-
	(7) Approval of the construction of the Hualien Hotel by Inotera Memories, Inc.	V	-
	(8) Approval of application for credit lines from the financial institutions	V	-
	(9) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions		
	(10) Approval of the proposal to lend funds to subsidiaries		
	Resolution of the Audit Committee (November 13, 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.		
2024/03/12 (The 4th meeting of the 3rd session)	(1) The Company's 2023 business report and financial statements.	V	-
	(2) The proposal to the Company's 2023 earnings distribution.	V	-
	(3) The proposal to issue the 2023 Statement on Internal Control.	V	-
	(4) The proposal to formulate the Company's 2024 business plan.	V	-
	(5) Motion of the Company's donation to "Taiwan Secom Cultural Foundation"	V	-
	(6) List of non-assurance services expected to be provided by Ernst & Young Taiwan and its affiliates in 2024.	V	-
	(7) Changes in the Company's financial director and spokesperson.	V	-
	(8) Changes in the Company's deputy spokesperson.	V	-
	(9) Proposal of the amendment to the Company's provisions of the Rules of Procedures for Board of Directors Meetings.	V	-
	(10) Proposal of the amendment to the Company's provisions of the Audit Committee's Organizational Procedure.	V	-
	(11) Proposal to amend the provisions of the Procedures for Acquisition or Disposal of Assets.	V	-
	(12) Application for credit facilities from financial institutions.	V	
	(13) The Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.	V	
	Resolution of the Audit Committee (March 12, 2024): 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 36 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
2023/03/14 (The 11th meeting of the 2nd session)	Audit Committee	1. Independent Directors 2. The Company's chief audit executive 3. CPAs of the Company and subsidiaries	1. Audit office report on the audit results and follow-up improvements of the parent company and subsidiaries for 2022. 2. Audit office report on the internal control system statement for 2022. 3. The accountants offer the 2022 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommendations.
2023/05/12 (The 12th meeting of the 2nd session)	Audit Committee	1. Independent Directors 2. The Company's chief audit executive 3. CPAs of the Company and subsidiaries	1. Audit office report on the audit results and follow-up improvements of the parent company and subsidiaries for Q1. 2. The accountants offer the Q1 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommendations.

2023/08/10 (The 2nd meeting of the 3rd session)	Audit Committee	1. Independent Directors 2. The Company's chief audit executive 3. CPAs of the Company and subsidiaries	1. Audit office report on the audit results and follow-up improvements of the parent company and subsidiaries for Q2. 2. The accountants offer the Q2 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommendations.
2023/11/13 (The 3rd meeting of the 3rd session)	Audit Committee	1. Independent Directors 2. The Company's chief audit executive 3. CPAs of the Company and subsidiaries	1. Audit Office's 2024 Annual Audit Plan Proposal. 2. Audit office report on the audit results and follow-up improvements of the parent company and subsidiaries for Q3. 3. The Q3 and annual audit reports of the Company and subsidiaries produced by the accountants 4. The auditor issues an independence statement.	Subject to the recommendations.
2024/03/12 (The 4th meeting of the 3rd session)	Audit Committee	1. Independent Directors 2. The Company's chief audit executive 3. CPAs of the Company and subsidiaries	1. Audit office report on the audit results and follow-up improvements of the parent company and subsidiaries for 2023. 2. Audit office report on the internal control system statement for 2023. 3. The accountants offer the 2023 auditors' audit conclusions for the Company and subsidiaries.	Subject to the recommendations.

**(III) Communication between independent directors and CPAs:**

Date of meeting	Key Points	Results
2023/03/14	I. CPAs provided explanation on the review of the 2022 results. II. Internal control test and discovery. III. CPAs' 2022 audit opinions. IV. CPAs communicate and discuss the issues inquired by independent directors.	No opinions.
2023/05/12	I. CPAs provided explanation on the review of the Q1 2023 results. II. Contents of the customer statement. III. Scope of review of the group. IV. CPAs communicate and discuss the issues inquired by independent directors.	No opinions.
2023/08/10	I. CPAs provided explanation on the review of the Q2 2023 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. Latest updates on sustainability disclosure standards.	No opinions.
2023/11/13	I. CPAs provided explanation on the review of the Q3 2023 results. II. Discuss the matters of communication with the corporate governance unit and the management.	No opinions.

	<p>III. Independence of accountants, client statement, scope of audit by the group, and issue of audit reports</p> <p>IV. Major amendments to the IESBA Code of Ethics for Professional Accountants applicable to public interest entities.</p>	
2024/03/12	<p>I. CPAs provided explanation on the review of the 2023 results.</p> <p>II. CPAs' 2023 audit opinions.</p> <p>III. Significant accounting and auditing issues.</p> <p>IV. CPAs communicate and discuss the issues inquired by independent directors.</p>	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 reelection 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 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 Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(II) Does the Company possess a list of principal shareholders and beneficial owners of these principal shareholders?	✓		(II) The Company has followed the regulations of Article 25 of the Security and Exchange Act to report the changes in the shareholdings of insiders (directors, managerial officers and shareholders holding more than 10% of the total shares) to the Market Observation Post System designated by the Securities and Futures Bureau on a monthly basis. The Company is informed of 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.	No Discrepancy.
(III) Does the Company create and implement risk control and firewall mechanism with the related companies?	✓		(III) The operation, business and financial transactions between the Company and its affiliates are clearly defined, and the risk assessment and the establishment of appropriate firewalls are implemented. The audit procedures are regularly implemented to achieve the risk control mechanism.	No 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 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, 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,	No Discrepancy

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>accounting, industry, finance, marketing or technology) and experience in the industry.</p> <p>2. Specific Management Objectives:</p> <p>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> <p>The current batch of board of directors consists of 12 directors, including 4 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> <p>(II) The Board of Directors of the Company approved the establishment of the Corporate Governance Committee and its organizational charter on May 12, 2023. The Corporate Governance Committee, which consists of three directors, two of whom are independent directors, aims to strengthen corporate governance and enhance the effectiveness of the Board of Directors, with the following key responsibilities:</p> <ol style="list-style-type: none"> <li>1. To consider the establishment and amendment of the rules and regulations related to the operation of the Board of Directors of the Company.</li> <li>2. To establish the organizational structure of each functional committee and to review the establishment and amendment of the organizational rules of each functional committee.</li> <li>3. To review the establishment and amendment of the Company's Corporate Governance Best Practice Principles.</li> <li>4. Such other matters as the Board of Directors may direct the Committee to undertake.</li> </ol> <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><b>State of ESG Committee</b></p> <p>The members of the ESG Committee (term of office from May 30 2023 to May 29 2026) convened 1 meeting on August 10, 2023 to discuss the Corporate Governance Best Practice Principles and Sustainability Development related issues.</p> <p>Committee members include: CHEN Tian-Wen, an independent director (convener of the committee), specializes 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>	No Discrepancy.
(III) Has the Company established its Rules for	✓	<p>(III) The Company has established the TAIWAN SECOM CO., LTD. Board</p>	No Discrepancy.

<p>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> <p>(IV) Does the Company assess the independence of external auditors on a regular basis?</p>	<input checked="" type="checkbox"/>	<p>Performance Appraisal Measures.</p> <p>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 2023 Board of Directors appraisal results have been reported at the 5th meeting of the 17th batch of Board of Directors held on 2024.03.12. The description is as follows (Note 1)</p> <p>(IV) The Audit Committee regularly assesses the independence of the accountants every year, and then reports the assessment results to Board of Directors. After the latest assessment was approved by the audit committee on November 13, 2023, it was submitted to the Board of Directors for approval on November 13, 2023. The description is as follows (Note 3)</p> <p>The assessment measures are as follows:</p> <ol style="list-style-type: none"> <li>1. Confirm that the certified accountants of the Company are not related to the Company and its directors.</li> <li>2. Handle the rotation of CPAs in accordance with the Corporate Governance Best Practice Principle.</li> <li>3. In accordance with Article 47 of the Certified Public Accountant Act and the Bulletin #10 of the Code of Ethics for Professional Accountants, the CPAs report the content of review and audit and the status of compliance with independent requirements to the audit committee every quarter.</li> <li>4. Obtain the statement of independence from the CPAs on a regular basis. The description is as follows (Note 3)</li> <li>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.</li> </ol> <p>The assessment results are as follows:</p> <ol style="list-style-type: none"> <li>1. The independence of the CPAs from the Company complies with the Certified Public Accountant Act and the Code of Ethics for Professional Accountants.</li> <li>2. The Company has not appointed the</li> </ol>	<p>No Discrepancy.</p>
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Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>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 &amp; Young on November 13, 2023, 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 15 hours of continuing education courses in 2023, which has met the requirement of at least 12 hours of classes per year. The continuing education courses are as follows:</p> <ul style="list-style-type: none"> <li>(1) Disclosure of Significant Information and Director and Supervisor Responsibilities (3 hours).</li> <li>(2) Shareholders' Meeting, Ownership and Equity Strategy (3 hours).</li> <li>(3) How the Board of Directors will establish ESG sustainable governance strategy in 2023 (3 hours).</li> <li>(4) Trends in Corporate Governance and Sustainable Development (3 hours).</li> <li>(5) To leverage the independent director's professional expertise (3 hours).</li> </ul>	No Discrepancy.
V. Has the Company established communication channels with stakeholders (including, but not limited to, shareholders,	✓		<p>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</p>	No Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
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?			Stakeholder Engagement Standard (SES) to select six main stakeholders, who are employees, clients, investors, government agencies, community members and suppliers.	
VI. Has the Company commissioned a shareholder service agent specializing in shareholder services to handle shareholder meeting matters?	✓		The Company authorized Yuanta Securities as shareholder services agent.	No Discrepancy.
VII. Information Disclosure (I) Has the Company established a public website to disclose operational, financial, and corporate governance information? (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) Does the Company announce and file its annual financial statements within two months after the end of the fiscal year, and announce and file the first, second and third quarters and the monthly	✓ ✓ ✓		(I) The Company's website, <a href="http://www.secom.com.tw">http://www.secom.com.tw</a> , discloses instant financial, business, corporate governance related information  (II) The Company's English website <a href="http://www.secom.com.tw">http://www.secom.com.tw</a> has been set up, and we have designated a person responsible for collecting and disclosing company information. We have also implemented a spokesperson system. In addition, recordings of corporate briefings, financial information, and operational information are disclosed in the investor section and posted on the Market Observation Post System in accordance with regulations.  (III) In 2023, 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 2022 and the first announced and filed respectively on March 14, May 12, August 10 and November 13, 2023, the dates of the Board of Directors' approval; and the	No Discrepancy.  No Discrepancy.  No Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
operating status in advance of the specified deadline?			revenue for each month were completed by the 10th of the following month. The 2023 financial statements have been announced and filed on March 12, 2024.	
VIII. Does the Company have other important information that can help people to understand the operations of corporate governance (including but not limited to the employees' rights, employee care, Investor relations, supplier relation, rights of interested parties, training status of directors and supervisors, implementation status of risk management policies and standards of risk measurement, the implementation of customer policies, the purchase of liability insurance for directors and supervisors by the Company, etc.)?	✓		<p>(I) Interests and rights of employees: the Company protects the legitimate rights and interests of employees according to the law.</p> <p>(II) Care for employees: The Company pays great attention to employee benefits, sets up employee welfare committees and appropriate employee benefits in accordance with the law so that employees can enjoy various welfare measures.</p> <p>(III) Investor relations: The Company's website is maintained by a dedicated unit to disclose the Company's financial status and related information timely. The Company has established a spokesman and deputy spokesman system to publish financial and business information to the public through MOPS, newspapers and magazines.</p> <p>(IV) Supplier relations: The Company signs purchase contracts with manufacturers, handles the purchase according to the contract, and regularly evaluates them based on the price, payment terms, delivery date, degree of cooperation and quality.</p> <p>(V) Stakeholders relations: The company is committed to the development of the industry, and 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"> <li>1. The Company has established relevant management methods for related parties, investees,</li> </ol>	No Discrepancy.

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>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.</p> <p>2. The Company operates steadily and is fully focused on the investments and operations in its own industry.</p> <p>(VIII) Implementation of customer policies: The Company has a customer service center, regularly conducts provincial customer satisfaction surveys and establishes a complete customer complaint handling mechanism to protect consumer rights.</p> <p>(IX) The Company's situation regarding the purchase of directors' liability insurance: The Company has taken out liability insurance to cover the potential legal liability of the directors in performing their duties. It has renewed the liability insurance policies of Fubon Insurance and Tokio Marine Newa Insurance in the amount of US\$5 million on July 1, 2023, 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, 2023).</p>	
IX. Does the company have a policy, goals, and system for intellectual property management that is aligned with its operational strategy?	✓		<p>1. The company has established relevant intellectual property management measures to manage the company's patents, trademarks, copyrights, and trade secrets.</p> <p>2. The Company has closely integrated the intellectual property management plan with the Company's operational plan and development strategy, and reports to the board of directors annually, continuously planning for improvement.</p>	No Discrepancy.
X. Please explain the improvement status of the corporate governance assessment results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year and propose improvement measures for those matters that have not been improved.				For items that were not scored in the corporate governance assessment in 2023, the Company will focus on improving information transparency and achieving sustainable development in 2024, and

Items	Implementation Status			Differences with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
the improvement items are expected to be completed. Strive to enhance the transparency of information to reinforce corporate governance.				

Note 1:

### I. Performance appraisal of the Board of Directors

The 2023 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 12, 2024. 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 2023 internal board performance appraisal is shown as follows:

Evaluation Types	Evaluation Methods	Scoring Criteria	Assessment Results
Overall performance appraisal of the board.	Evaluated by the agenda working unit based on the actual operation of the Board	<p>The Criteria covers the following five aspects:</p> <ol style="list-style-type: none"> <li>1. Engagement in the operation of the company</li> <li>2. Improvement of the quality of the board of directors' decision making</li> <li>3. Composition and structure of the board of directors</li> <li>4. Election and continuing education of the directors</li> <li>5. Internal control</li> </ol>	<p>The total score was <b>4.77</b>, 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.</p>
Performance evaluation of individual board members	Evaluated by each board member	<p>The Criteria covers the following six aspects:</p> <ol style="list-style-type: none"> <li>1. The alignment of the goals and missions of the Company</li> <li>2. Awareness of the duties of a director</li> </ol>	<p>The individual average score was <b>4.84</b>, and the evaluation result was excellent. The evaluation results showed that the</p>

Evaluation Types	Evaluation Methods	Scoring Criteria	Assessment Results
		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	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. The participation 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 <b>4.94</b> , 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.
Performance appraisal of the salary and Compensation Committee	Self-evaluated by each Remuneration Committee member	The Criteria covers the following five aspects: 1. The participation 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 <b>5</b> , 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 ESG committee	Self-evaluated by each ESG committee member	The Criteria covers the following five aspects: 1. The participation in the operation of the Company. 2. Awareness of the duties of the ESG committee 3. Improvement of quality of decisions made by the ESG committee 4. Makeup of the ESG committee and election of its members 5. Internal control	The average score of the ESG committee was <b>5</b> , 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 nominating committee	Self-evaluated by each nominating committee member	The Criteria covers the following five aspects: 1. The participation in the operation of the Company. 2. Awareness of the duties of the nominating committee 3. Improvement of quality of decisions made by the nominating committee 4. Makeup of the nominating committee and election of its members.	The average score of the nominating committee was <b>5</b> , which was excellent. The evaluation results showed that the compensation committee had positive comments on the efficiency and effectiveness of the

Evaluation Types	Evaluation Methods	Scoring Criteria	Assessment Results
		5. Internal control	operation of each appraisal indicator.

The contents and recommendations of the above performance evaluation were reported to the Board of Directors' meeting on March 12, 2024.

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 17th Board of Directors consists of 12 directors, including 4 independent directors, with 33% 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 12 members of the Board of Directors, 83% (10) are male directors (including

independent directors) and 17% (2) 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 12 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, CHIANG Kuang-Tse is the Chairman of English ACES Online Academy and WEI Chi-Lin is the Chairman of IBF Financial Holdings Co., Ltd. They have expertise in legal practice, finance and accounting, industry knowledge and business judgment, respectively. Among the other 8 non-independent directors, Chairman LIN Chien-Han and HSU Lan-Ying serve as chairman of listed companies, while 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	Basic Composition (Note 1)		Professional Experience (Note 2)						Professional Competence
	Concurrently an employee of the Company	Length of service of independent Directors under 3 years	Law	Accounting	Industry	Finance	Marketing	Technology	
LIN Chien-Han	✓		✓	✓	✓	✓	✓	✓	Marketing Management
LIN Ming-Sheng	✓		✓	✓	✓	✓	✓	✓	Legal Studies
SATO Sadahiro			✓	✓	✓	✓	✓	✓	Economics
LIU Yun-Fang	✓		✓	✓	✓	✓	✓	✓	Foreign Language Studies
NAKATA Takashi			✓	✓	✓	✓	✓	✓	Science and Technology
ONODERA Hirofumi			✓	✓	✓	✓	✓	✓	Engineering
HSU Lan-Ying	✓		✓	✓	✓	✓	✓	✓	Business Studies
TU Heng-Yi			✓	✓	✓	✓	✓	✓	Enterprise Management
CHEN Tien-Wen		✓	✓	✓	✓	✓	✓	✓	Enterprise Management
CHIANG Yung-Cheng		✓	✓	✓	✓	✓	✓	✓	Legal Studies
CHIANG Kuang-Tse		✓	✓	✓	✓	✓	✓	✓	Management
WEI, Chi-Lin		✓	✓	✓	✓	✓	✓	✓	Economics

Note 1: Please refer to the Annual Report (Part I: Director Information) for the nationalities, genders, and ages of the directors and independent directors.

Note 2: ✓ Refers to having the ability.

Note 3:

## Taiwan Secom Co., Ltd.

### **Assess the independence of external auditors on a regular basis**

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 2. 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 13, 2023 and then submitted to the board on November 13, 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



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## 會計師獨立性聲明書

中興保全科技股份有限公司董事會及審計委員會 公鑒：

本聲明書係依照我國審計準則之規定，針對民國一一二年度合併財務報表之查核，就會計師獨立性所作之年度溝通。

根據審計準則之規定，本會計師向 貴公司報告安永聯合會計師事務所已遵循有關獨立性的相關道德規範。

依本會計師之專業判斷，並未察覺本事務所或聯盟事務所與 貴公司間，存在可能被認為會影響獨立性之關係及其他事項。

另根據審計準則之規定，本會計師向 貴公司報告在財務報表涵蓋期間內安永及其聯盟事務所向 貴公司提供審計及非審計服務所收取的公費。請參詳「致會計師獨立性聲明書附表」。

本聲明書僅供 貴公司董事會、審計委員會、管理階層以及 貴公司內部其他人員參考，不得用於任何其他目的。

敬頌商祺

安永聯合會計師事務所

劉慧媛



會計師：

王瑄瑄



中華民國 112 年 11 月 13 日

Note 4:

### Continuing education for directors

Title	Name and Number of hours in continuing education	Date of inauguration	Starting Date of First Term	Date in continuing education	Organizer	Course Name	Number of hours in continuing education
Chairman	LIN Chien-Han (6H)	2023.05.30	2014.06.24	20230224	Securities and Futures Institute	Prevention of insider trading and countermeasures	3
				20230809	Securities and Futures Institute	How Enterprises Can Respond to the Carbon Net Zero Trend in Terms of Systems	3
Vice Chairman	LIN Ming-Sheng (6H)	2023.05.30	2002.06.19	20230809	Securities and Futures Institute	Prevention of insider trading and countermeasures	3
				20230809	Securities and Futures Institute	How Enterprises Can Respond to the Carbon Net Zero Trend in Terms of Systems	3
Director	LIU Yun-Fang (12H)	2023.05.30	2023.05.30	20231005	Securities and Futures Institute	Challenges and Opportunities in the Path to Sustainable Development and Introduction to Greenhouse Gas Inventory	3
				20231026	Securities and Futures Institute	Shareholders' Meeting, Ownership and Equity Strategy	3
				20231108	Securities and Futures Institute	Introduction to disputes over managerial control and the Commercial Case Adjudication Act	3
				20231117	Securities and Futures Institute	Exploring the practice of anti-money laundering and countering financing of terrorism	3
Director	ONODERA Hirofumi (6H)	2023.05.30	1993.03.30	20231004	The Chinese National Association of Industry and Commerce, Taiwan	How Enterprises Respond to International Anti-Tax Avoidance Measures	3
				20231011	The Chinese National Association of Industry and Commerce, Taiwan	Corporate Governance and Analysis of Corporate Fraud and Major Cases	3
Director	SATO Sadahiro (6H)	2023.05.30	1981.12.09	20231113	Mizuho Research & Technologies, Ltd.	Key Technologies and Economic Structure for Establishing Global Guidelines	3.17
				20231113	Mizuho Research & Technologies, Ltd.	Improper Fraudulent Prearranged Measures System	5.33
				20231116	Mizuho Research & Technologies, Ltd.	Strategic Application Examples of the Latest Trends in ESG2023	3.17
Director	NAKATA Takashi (6H)	2023.05.30	1981.12.09	20231113	Mizuho Research & Technologies, Ltd.	Labor Management - Concept of Social Insurance	3.33
				20231113	Mizuho Research & Technologies, Ltd.	Forecast and Strategic Transformation for the Next 10 Years	3.83
Director	HSU Lan-Ying (6H)	2023.05.30	2008.06.13	20230809	Securities and Futures Institute	Prevention of insider trading and countermeasures	3
				20230809	Securities and Futures Institute	How Enterprises Can Respond to the Carbon Net Zero Trend in Terms of Systems	3
Director	TU Heng-Yi (6H)	2023.05.30	2011.06.15	20230213	Taiwan Insurance Institute	How to Improve Communication with External Stakeholders to Address the Challenges of IFRS17	3
				20230310	Taiwan Insurance Institute	International Anti-Corruption and Whistleblower Protection	3

Title	Name and Number of hours in continuing education	Date of inauguration	Starting Date of First Term	Date in continuing education	Organizer	Course Name	Number of hours in continuing education
						Practices: A Discussion on Money Laundering Prevention	
				20230508	Taiwan Insurance Institute	From an ESG perspective, discussing how the board of directors can promote corporate cybersecurity management.	3
				20230718	Taiwan Independent Director Association	Cooperation between the police and banks to prevent fraud and digital technology in financial fraud prevention	3
Independent Director	CHEN Tien-Wen (6H)	2023.05.30	2017.06.22	20230705	Securities and Futures Institute	Political Economy of the Chinese Communist Party, International Situation, and Cross-Strait Relations	3
				20231013	Securities and Futures Institute	How Directors Supervise Companies in Implementing Effective Enterprise Risk Management and Crisis Handling	3
Independent Director	CHIANG Yung-Cheng (6H)	2023.05.30	2020.06.16	20230410	Taiwan Investor Relations Institute	Opportunities and Challenges in the Net Zero Movement	3
				20230411	Taiwan Academy of Banking and Finance	Corporate Governance Forum	3
Independent Director	CHIANG Kuang-Tse (12H)	2023.05.30	2023.05.30	20230602	The Chinese National Association of Industry and Commerce, Taiwan	2023 Taishin Net Zero Summit	3
				20230714	The Chinese National Association of Industry and Commerce, Taiwan	Litigation Practice of Trade Secrets, Non-Competition Clauses, and Case Studies	3
				20230718	Accounting Research and Development Foundation	2023 Transformation of Finance and Sustainable Disclosure Seminar	3
				20230731	The Chinese National Association of Industry and Commerce, Taiwan	Trends in the Application of Financial Technology Innovation for Company Directors and Supervisors	3
Independent Director	WEI, Chi-Lin (6H)	2023.10.03	2014.06.24	20230314	Taiwan Corporate Governance Association	Trends in Digital Biomedicine Investment	1.5
				20230512	Taiwan Corporate Governance Association	Ethical corporate management and Prevention of insider trading	1.5
				20230811	Taiwan Corporate Governance Association	Trends in Risk Management from an ESG Perspective	1.5
				20231003	Securities and Futures Institute	Carbon Credit Trading Mechanism and Management Application and Resource Circulation	3
				20231110	Taiwan Corporate Governance Association	Reflecting on the AI-Driven World from the Perspective of Information Security Standards in the Technology Industry (SEMIE187)	1.5

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

1. Information of the members of the compensation Committee

March 31, 2024

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
Director	LIN Ming-Sheng		(Note)	(Note)	1

Note: Please refer to pp. 18-19 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 May 30, 2023 to May 29, 2026.

(3) Attendance: Fourth term of committee members: From June 16, 2020 to June 15, 2023 (should attend 2 times).

The fifth term of office of the current members: from May 30, 2023 to May 29, 2026.

(4) The compensation committee held a total of five meetings (A) in 2023 and up to the date of this annual report (January 1, 2023 to March 31, 2024). 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	5	0	100%	Re-elected as the Compensation Committee for the 4th and 5th terms on May 30, 2023.
Member	CHIANG Yung-Cheng	5	0	100%	Re-elected as the Compensation Committee for the 4th and 5th terms on May 30, 2023.
Member	TUNG Chun-Yi	1	1	50%	Resigned from the Compensation Committee for the 4th terms on May 30, 2023.
Member	LIN Ming-Sheng	3	0	100%	Newly-elected as the Compensation Committee for the 5th terms on May 30, 2023.

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
2023/03/14 (6th Meeting of the 4th Session)	<ol style="list-style-type: none"> <li>1. Approval of the proposed distribution of 2022 remuneration to directors, managerial officers and employees.</li> <li>2. Approval of appointment and hiring of managerial officers</li> </ol>	Unanimous vote by all attending committee members to approve the motion.
2023/05/12 (7th Meeting of the 4th Session)	<ol style="list-style-type: none"> <li>1. Approval of appointment and remuneration of Chief Information Security Officer</li> </ol>	Unanimous vote by all attending committee members to approve the motion.
2023/06/08 (1st Meeting of the 5th Session)	<ol style="list-style-type: none"> <li>1. Approved the proposed election of the convener of the 5th session of Compensation Committee</li> </ol>	Mr. CHEN Tien-Wen was unanimously elected as the convener and chairman of the meeting by all attending committee members.
	<ol style="list-style-type: none"> <li>1. Approval of proposal to appoint Mr. LIN Chien-Han as the Head of CEO of the Company:</li> </ol>	Unanimous vote by all attending committee members to approve the motion.
	<ol style="list-style-type: none"> <li>1. Approval of proposal to appoint Mr. LIN Hsiao-Hsin as the chief board advisor of the Company:</li> </ol>	Unanimous vote by all attending committee members to approve the motion.
2023/11/13 (2nd Meeting of the 5th Session)	<ol style="list-style-type: none"> <li>1. Approval of proposal to the Company's Director (including Independent Directors) and Executive Compensation System</li> </ol>	Unanimous vote by all attending committee members to approve the motion.

2024/03/12 (3rd Meeting of the 5th Session)	1. Approval of the appointment and remuneration of the Company's managerial officer, LUNG Chang-Chi 2. Approval of the promotion and remuneration of the Company's managerial officer, TANG Tun-Tai 3. Approval of the transfer and remuneration of the Company's managerial officer, LIN Lei 4. Approval of the transfer and remuneration of the Company's managerial officer, LIN Chih-Fang 5. Approval of the proposed distribution of 2023 remuneration to directors, managerial officers and employees.	Unanimous vote by all attending committee members to approve the motion.
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2. Profiles of nomination committee members and the information on the operation of the committee:

(1) Information on members of the Nomination Committee:

March 31, 2024

Title	Name	Criteria	Professional qualifications and experience	Status of independence
Independent Director	CHEN Tien-Wen	(Note)	(Note)	(Note)
Independent Director	CHIANG Yung-Cheng	(Note)	(Note)	(Note)
Independent Director	TUNG Chun-Yi	(Note)	(Note)	(Note)
Director	LIN Ming-Sheng	(Note)	(Note)	(Note)

Note: Please refer to pp. 18-19 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:

- A. 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.
- B. 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.
- C. Formulate and regularly review the continuing education plan for directors and the succession plan for directors and senior managerial officers.
- D. Establish the Company's Corporate Governance Best Practice Principles.

(3) The operation of the Nomination Committee:

- A. The Nomination Committee of the Company consists of 3 members.
- B. The term of office of the current members is from May 30, 2023 to May 29, 2026.
- C. Attendance: First term of committee members: From June 16, 2020 to June 15, 2023 (should attend 1 time).

The second term of office of the current members: from May 30, 2023 to May 29, 2026.

- D. The compensation committee held a total of two meetings (A) in 2023 and up to the date of this annual report (January 1, 2023 to March 31, 2024). 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	2	0	100%	Re-elected as the Nomination Committee for the 1st and 2nd terms on May 30, 2023.
Member	CHIANG Yung-Cheng	2	0	100%	Re-elected as the Nomination Committee for the 1st and 2nd terms on May 30, 2023.
Member	TUNG Chun-Yi	1	0	100%	Re-elected as the Nomination Committee for the 1st term on May 30, 2023.
Member	LIN Ming-Sheng	1	0	100%	Newly-elected as the Nomination Committee for the 1st term on May 30, 2023.

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
2023/03/14 (The 1st meeting of the 1st session)	1. Approval of re-election of the Company's Director (including Independent Directors).	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.	The proposal is submitted to the board of directors for deliberation; all attending directors have no objections and the motion is passed.
	2. Approval of the 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.	The proposal is submitted to the board of directors for deliberation; all attending directors have no objections and the motion is passed.
	3. Approval of the review process of director nominations, independent director candidates, and nominated individuals	Unanimous vote by all attending committee members to approve the proposal after the chairperson consulted with the members.	The proposal is submitted to the board of directors for deliberation; all attending directors have no objections and the motion is passed.
2023/08/10 (The 1st meeting of the 2nd session)	1. Approved the proposed election of the convener of the 2nd session of Nomination Committee	Mr. CHEN Tien-Wen was unanimously elected as the convener and chairman of the meeting by all attending committee members.	Mr. CHEN Tien-Wen was unanimously elected as the convener and chairman of the meeting by all attending committee members.

Session and date of the meeting	Motion content and subsequent actions	Resolutions	Handling of opinions
	2. Newly appointed an additional independent director.	Unanimous vote by all attending committee members to approve the motion.	The proposal is submitted to the board of directors for deliberation; all attending directors have no objections and the motion is passed.
	3. The matter of accepting nominations for independent directors from shareholders of the Company.	Unanimous vote by all attending committee members to approve the motion.	The proposal is submitted to the board of directors for deliberation; all attending directors have no objections and the motion is passed.

3. Profiles of ESG Committee members and the information on the operation of the committee: The committee was formerly known as the Corporate Governance Committee. In order to implement the goals of environmental protection, social responsibility, and corporate governance for sustainable development, the Company plans to merge the Corporate Governance Committee and the Sustainable Development Committee under the Board of Directors. The new name will be “ESG Committee” to enhance the functions and management mechanisms of the Board of Directors.

(1) Profiles of ESG Committee members:

March 31, 2024

Title	Criteria	Professional qualifications and experience	Status of independence	Number of other public companies for which the committee member concurrently serving as a ESG 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
Director	LIN Ming-Sheng	(Note)	(Note)	1

Note: Please refer to pp. 18-19 for the table on directors' information.

(2) Functions and powers and responsibilities:

The committee is composed of three directors, two of whom are independent directors, aim to implement corporate social responsibility, establish good governance systems, and align with international trends, in order to move towards sustainable operations, and its authority includes:

A. Establish sustainable development direction and goals, and formulate relevant

management policies and specific implementation plans.

- B. Promote and implement the company's sustainable development and integrity management direction and goals.
- C. Tracking, reviewing, and revising the implementation and effectiveness of corporate sustainability development.
- D. Such other matters as the Board of Directors may direct the Committee to undertake.

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

(4) The operation of the ESG Committee:

- A. The term of office of the current members is from May 30, 2023 to May 29, 2026.
- B. Attendance: First term of committee members: From June 16, 2020 to June 15, 2023 (should attend 1 time).  
The 2nd term of office of the current members is from May 30, 2023 to May 29, 2026.
- C. The compensation committee held a total of one meeting (A) in 2023 and up to the date of this annual report (January 1, 2023 to March 31, 2024). The qualifications and attendance of the committee members are shown as follows:

Title	Name	Attendance (B)	Attendances by proxy	Actual attendance rate (%) (B/A)	Remark
Convener	CHEN Tien-Wen	0	1	0%	Re-elected as the Nominating Committee for the 1st and 2nd terms on May 30, 2023.
Member	CHIANG Yung-Cheng	1	0	100%	Re-elected as the Nominating Committee for the 1st and 2nd terms on May 30, 2023.
Member	LIN Ming-Sheng	1	0	100%	Re-elected as the Nominating Committee for the 1st and 2nd terms on May 30, 2023.

Other information required for disclosure:

I. State the meeting date, session, and content of main motions of the ESG 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 ESG committee.

II. Annual work focus of ESG Committee

Date of meeting	Report Content
2023.08.10	<ol style="list-style-type: none"> <li>1. Status of sustainable development operations</li> <li>2. Status of communication with stakeholders</li> <li>3. Implementation of ethical operations management</li> <li>4. Implementation of risk management</li> <li>5. Report on Cybersecurity Operations</li> <li>6. Status of implementation of intellectual property management</li> <li>7. Purchase of liability insurance for directors, supervisors and managerial officers by the Company</li> <li>8. Last Meeting Minutes and Implementation Report</li> </ol>

Date of meeting	Motions	Resolutions
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	2023.08.10	Approved the proposed election of the convener of the 2nd session of Corporate Governance Committee	Mr. CHEN Tien-Wen was unanimously elected as the convener and chairman of the meeting by all attending committee members.
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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 2023, 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, 2023.</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, 2023, which included (1) identifying 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</p>	No Discrepancy.

			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.	
II. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?	✓	II.	<p>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 procedures.</p>	No Discrepancy.

Major issues	Risk assessment items	Risk management policy or strategy
Environment	Environmental Protection	<p>1. The Company belongs to the security service industry, and originally was not involved in manufacturing environmental management. After taking manufacturing, materials, procedures, quality and corporate social responsibility into consideration, Titan-Star International Co., Ltd., a wholly-owned subsidiary is entrusted with management and protecting consumers from toxic substances.</p> <p>(1) ISO 14001:2015 environmental management system certification: Certification for maintaining equipment production, implementing fire protection, anti-theft and disaster prevention for manufacturing and processing management of server and sensor electronic components. (The latest certificate valid from: 2023/12/22 to 2026/12/21).</p> <p>(2) ISO 14001:2015 environmental management system certification: Certification for maintaining equipment production, implementing fire protection, anti-theft and disaster prevention for manufacturing and processing management of server and sensor electronic components. (The latest certificate valid from: 2021/8/9 to</p>

					<p>2024/8/8).</p> <p>(3) QC080000:2017 toxic substances management procedure certification: Certification for maintaining equipment production, implementing fire protection, anti-theft and disaster prevention for manufacturing and processing management of server and sensor electronic components. (Certificate valid from: 2022/11/15 to 2025/11/14).</p> <p>2. The Company attaches a certain level of importance to environmental protection and is committed to energy conservation and carbon reduction measures. It also actively responds to the global trend of promoting green manufacturing.</p> <p>3. The group has installed a solar power generation system in the Zhongbao Cloud Building in 2023. This system will not only help reducing the heat island effect but also lower the room temperature by 3-5 Celsius degrees. The project is expected to be completed in 2024. In addition, the subsidiary company Titan Star International Co., Ltd. under the group plans to establish a solar photovoltaic system in the new factory in 2023. This not only meets the government's requirement for net zero emissions, but also brings additional revenue to the group.</p> <p>4. Due to the special nature of the Company's industry, the main sources of energy used include vehicle fuel and purchased electricity for various facilities. In 2023, a total of 1,402,695.38 liters of gasoline and diesel fuel were used, and the electricity consumption was 8,939,630 kWh. On a consolidated basis, the annual unit carbon emission (ton-CO2e) of energy products was 7,620.28 metric tons.</p> <p>5. Establish key implementation plans every year, and regularly track and review the progress of each goal to ensure the achievement of the goals.</p>	
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 onsite services of doctors and nurses to provide employees with			

					<p>health education counseling and health promotion sessions.</p> <p>2. Runs regular fire drills, industrial safety education, and training sessions every year to cultivate employees' ability to respond to emergencies and self-directed safety management.</p> <p>Product safety:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. A strong and complete seven-center structure to accurately exchange information, communicate collaboration, and actively adjust internal resources and strategies.</li> </ol> <p>Taiwan Secom believes that only by continuously reinforcing service quality, optimizing service content, and improving innovation can we truly become customers' attentive partners.</p> <ol style="list-style-type: none"> <li>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.</li> </ol>	
					<p>Corporate governance</p> <p>Regulatory compliance</p> <p>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.</p> <p>Strengthening the functions of directors</p> <p>1. Plan relevant study topics for directors, and provide directors with the latest regulations, system developments and policies on a yearly basis.</p> <p>2. Cover the Company's directors under liability insurance to protect them from lawsuits or claims.</p> <p>Stakeholder communication</p> <p>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.</p> <p>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.</p>	
III. Environmental issues			(I) Does the Company set an Environmental	✓	(I) The Company is in the security service industry, and has established an environmental management	No difference.

management system designed to industry characteristics?		<p>system: Taiwan Secom is actively expanding its business into different fields in order to provide customers with better and more convenient services. By integrating the latest smart technology with existing services, we have not only developed a more diverse range of products and services, but also improved the quality of service provided to our customers.</p> <ol style="list-style-type: none"> <li>1. The group's affiliated companies also provide a range of services including green energy, energy storage, green roof, energy management system, etc., Through commercial systems such as smart monitoring and remote control, they assist customers in managing high-energy-consuming equipment, reducing unnecessary energy consumption and emissions of greenhouse gases. Additionally, they strive to integrate the concept of environmental sustainability into customers' lives through research and development of innovative technologies.</li> <li>2. In response to the global trend of sustainable development in recent years and the government's 2050 net-zero emissions policy, we have actively replaced traditional high-energy-consuming lighting fixtures with LED energy-efficient lighting fixtures in all our business locations and office spaces. We have also replaced old air conditioning units with high-performance, energy-saving, and high-quality ones to optimize energy efficiency.</li> <li>3. When purchasing service vehicles, reduce the number of gasoline-powered motorcycles and prioritize the purchase of hybrid vehicles to decrease fuel consumption and lower greenhouse gas emissions.</li> <li>4. Hold an energy-saving competition for service centers and invite colleagues to provide improvement suggestions and feedback on energy-saving policies, encouraging everyone to incorporate energy-saving and carbon reduction into their daily lives and strive to achieve the goal of net zero carbon emissions.</li> <li>5. To establish a resource utilization platform to monitor environmental data, unit colleagues input data on water, electricity, fuel, and gas usage, as well as related environmental activities, into the platform. They also scan and upload the documents in electronic format, storing them in a cloud database. This not only allows for real-time and comprehensive collection and disclosure of resource utilization data, but also reduces the inconvenience of retaining physical documents for colleagues. At the same time, in accordance with ESG requirements, greenhouse gas inventory operations are being implemented, collecting</li> </ol>	
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			<p>data related to Scope 1 and Scope 2 emissions.</p> <p>6. In order to comply with the national 2050 net zero emissions policy and the FSC's Sustainable Development Roadmap for OTC Companies announced in 2022, the Company will begin conducting the ISO14064-1 GHG inventory for the first year at the six main locations of the parent company in 2023. A first-year inventory report will be issued, followed by internal and external verification and audit operations in accordance with the implementation plan.</p> <p>7. The Company has disclosed climate-related financial information in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The Company has assessed climate risks and opportunities through the four dimensions of the TCFD: Governance, Strategy, Risk Management, and Metrics and Targets. The Company has established a climate governance mechanism, developed risk management measures and indicators, set goals, and continuously monitors climate change. The Company allocates resources to improve and mitigate potential hazards.</p> <p>8. The Company has formulated energy-saving and carbon reduction policies for environmental sustainability, and allocates a budget every year to actively promote various sustainable actions and strategies. The goal is to achieve the vision of symbiotic and prosperous development between the company and environmental sustainability.</p>	
(II) Is the Company committed to improving energy efficiency and to the use of renewable materials with low environmental impact?	✓	(II)	<p>In recent years, the Company has been actively improving energy efficiency and using raw materials with low environmental impact.</p> <p>1. 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> <p>2. Before developing new types of products or services, incorporate the concept of product or service life cycle and focus on research and development using low-carbon emissions or environmentally friendly renewable materials. Extend the product life cycle with the concept of circular economy.</p> <p>3. To improve the efficiency of electrical equipment, we regularly replace high-energy-consuming equipment with high-performance, energy-saving devices. We also install water-saving equipment in our office area and actively promote water and electricity conservation habits among our employees to reduce the waste of resources. In addition, we prioritize the purchase and use of hybrid and electric vehicles for our fleet, reducing the</p>	No Discrepancy.

<p>(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>	<p>✓</p>	<p>procurement and use of gasoline-powered vehicles. And request the unit to calculate the amount of oil used, review the reasons for oil consumption, and strictly implement regular maintenance. At the same time, adjusting the standby position and reducing idle state can reduce carbon emissions and fuel consumption.</p> <p>(III) The Company attaches importance to the potential risks and opportunities of climate change for businesses. We have developed a summary of measures to address relevant issues based on the TCFD framework:</p> <ol style="list-style-type: none"> <li>1. Governance: The Company holds regular meetings of the Sustainable Development Committee each year to discuss environmental sustainability and climate change issues. It formulates response measures for potential impacts and reports them to the Board of Directors after making decisions.</li> <li>2. Strategy: The strategies for mitigating and adapting to climate change are as follows:             <ol style="list-style-type: none"> <li>(1) Mitigation: Moving towards the net zero emissions goal by reducing greenhouse gas emissions, implementing carbon reduction policies, improving energy efficiency, and providing low-carbon services.</li> <li>(2) Adjustment: Strengthening the Company's security system and equipment to cope with extreme weather conditions, ensuring that the equipment can continue to operate normally when affected by the climate.</li> </ol> </li> <li>3. Risk Management: Develop relevant measures based on transformation risk and physical risk, and regularly review and adjust the measures.</li> <li>4. Indicators and Goals: In order to achieve the goal of sustainable environment, management goals have been set for emissions reduction and oil consumption. Currently, the goals that were originally set to be achieved by 2025 have already been achieved ahead of schedule.</li> <li>5. Potential Risks and Opportunities of Climate Change: The Company examines and evaluates the risks and opportunities of climate change based on the TCFD framework, ensuring a thorough understanding of their impact and minimizing the impact on the Company's operations and finances.             <ol style="list-style-type: none"> <li>(1) Risk: Includes the risk of increased operating costs due to policy and regulatory changes, as well as the physical risk of being unable to attend or damage to assets due to extreme weather events.</li> <li>(2) Opportunity: The subsidiary company under the group is establishing solar panels for green energy generation, which not only meets the government's requirement for carbon reduction but also brings additional revenue to the group.</li> </ol> </li> </ol>	<p>No Discrepancy..</p>
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<p>(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 consumption and other wastes?</p>	<p>✓</p>	<p>(IV) The Company has established a resource utilization platform, where colleagues input data on water, electricity, fuel, and other related resources. This platform allows relevant departments to collect and disclose resource utilization data in real-time and in a comprehensive manner, enabling the formulation of relevant policies.</p> <ol style="list-style-type: none"> <li>1. The Company conducted a GHG inventory for the six major locations under the jurisdiction of the headquarters in 2023. Preliminary inventory revealed the greenhouse gas emissions of the six locations, leading to the development of policies for gas reduction.</li> <li>2. The objectives of energy conservation and carbon emissions reduction met in the past three years are as follows:             <ol style="list-style-type: none"> <li>(1) Energy consumption of vehicles between 2021 and 2023</li> </ol> <table border="1" data-bbox="581 720 1319 1170"> <thead> <tr> <th>Greenhouse gas inventory</th><th>2021</th><th>2022</th><th>2023</th></tr> </thead> <tbody> <tr> <td>Scope 1 (Direct Emissions)</td><td>Gasoline (L) 1,410,828.87</td><td>1,397,937.91</td><td>1,342,272.17</td></tr> <tr> <td></td><td>Diesel (L) 56,493.57</td><td>54,330.83</td><td>60,423.21</td></tr> <tr> <td>Scope 2 (Indirect Emissions)</td><td>Electricity (KWh) 9,283,194.00</td><td>8,853,122.00</td><td>8,939,630.00</td></tr> <tr> <td>Scope 1 + Scope 2 (ton-CO<sub>2</sub>e)</td><td>8,000.56</td><td>7,811.5</td><td>7,611.34</td></tr> <tr> <td>Emission intensity = Total carbon emissions / Net revenue (ton- CO<sub>2</sub>e NTD million)</td><td>1.11</td><td>1.07</td><td>1.00</td></tr> </tbody> </table> <li>(2) Water Consumption between 2021 to 2023</li> <table border="1" data-bbox="581 1275 1319 1529"> <thead> <tr> <th>Year</th><th>2021</th><th>2022</th><th>2023</th></tr> </thead> <tbody> <tr> <td>Total water consumption (m<sup>3</sup>)</td><td>52,006</td><td>49,166</td><td>50,279</td></tr> <tr> <td>Total number of employees</td><td>2,441</td><td>2,461</td><td>2,496</td></tr> <tr> <td>Water consumption per person</td><td>21.31</td><td>19.96</td><td>20.14</td></tr> </tbody> </table> <li>3. Waste management             <ol style="list-style-type: none"> <li>(1) Source of waste                     <p>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:</p> <ol style="list-style-type: none"> <li>A. General business waste: The waste that can affect human health or pollute the environment. For example: Waste plastic products, waste batteries, etc.</li> <li>B. Recovered waste: The waste that can</li> </ol> </li> </ol> </li> </li></ol>	Greenhouse gas inventory	2021	2022	2023	Scope 1 (Direct Emissions)	Gasoline (L) 1,410,828.87	1,397,937.91	1,342,272.17		Diesel (L) 56,493.57	54,330.83	60,423.21	Scope 2 (Indirect Emissions)	Electricity (KWh) 9,283,194.00	8,853,122.00	8,939,630.00	Scope 1 + Scope 2 (ton-CO <sub>2</sub> e)	8,000.56	7,811.5	7,611.34	Emission intensity = Total carbon emissions / Net revenue (ton- CO <sub>2</sub> e NTD million)	1.11	1.07	1.00	Year	2021	2022	2023	Total water consumption (m <sup>3</sup> )	52,006	49,166	50,279	Total number of employees	2,441	2,461	2,496	Water consumption per person	21.31	19.96	20.14	<p>No Discrepancy.</p>
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be recovered and reused, such as cardboard boxes, plastic packaging materials, etc.

C. Other business waste, such as domestic waste.

(2) Waste management and control procedures  
To ensure that waste can be disposed of effectively and legally, the waste management measures are as follows:

- A. 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.
- B. According to the provisions of the environmental management system, waste disposal can be divided into the following three phases:  
Early phase: Waste classification and reduction measures.  
Intermediate phase: Scrap process control.  
Late phase: Properly handle supervision and tracking to reduce the impact of environmental sanitation.
- C. 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.
- D. Develop new technologies and engage in equipment refurbishment discussions with relevant suppliers to increase the reusability of recycled waste.

(3) Waste treatment method

- A. 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.
- B. Under long-term collaboration with the company, recycling operators legally dispose of the waste by incineration to reduce environmental pollution.

Amount of recovery of general hazardous business waste

Type	Battery (cells)	Hardware and miscellaneous
Year	Amount recovered	
2021	8,431	20,436
2022	5,530	14,912
2023	4,616	27,962

<p>IV. Social issues</p> <p>(I) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p>	<p>✓</p>	<p>(I) The Company is committed to human rights policy and management, pledging to comply with national labor laws and uphold a policy of dignified labor. It has established policies to safeguard human rights and labor, and implements relevant measures to prohibit any discrimination, violence, and sexual harassment. The Company also prohibits the employment of child labor and any acts that violate human rights, discrimination, and sexual harassment. In the face of declining birth rates and labor shortages, the company continues to promote employee rights protection, workplace gender equality policies, and a family-friendly workplace. It respects the cultural aspects of employees' lives outside of work and provides them with a balanced and flexible lifestyle, striving for common well-being. The Company is dedicated to implementing employee rights in the work environment and fulfilling its social responsibilities by providing all employees with a diverse, equal, and inclusive workplace environment. In 2023, through ongoing advocacy activities, we commit to supporting the following international human rights standards and norms.</p> <p>“International Covenant on Civil and Political Rights” and “International Covenant on Economic, Social and Cultural Rights” (ICCPR &amp; ICESCR), International Convention on the Elimination of All Forms of Racial Discrimination (ICERD), Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW), Convention on the Rights of the Child (CRC), International Labour Organization (ILO) Convention No. 182 on the Worst Forms of Child Labour, Convention on the Rights of Persons with Disabilities (CRPD), International Labour Organization (ILO) Convention No. 29 on Forced Labour, International Labour Organization (ILO) Convention No. 155 on Occupational Safety and Health and the Working Environment, and disclose in Chapter 3 of the 2023 Annual Sustainability Report, implementing measures to mitigate human rights risks.”</p>	<p>No Discrepancy.</p>
<p>(II) Does the Company formulate and implement reasonable employee benefit measures (including remuneration, vacation, and other benefits, etc.), and appropriately reflect the results of operating performance in employee</p>	<p>✓</p>	<p>(II)</p> <p><b>1. Overall remuneration policy</b></p> <p>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.</p>	<p>No Discrepancy.</p>

remuneration?		<p><b>2. Employee welfare measures</b></p> <p>Taiwan Secom is committed to creating a safe and harmonious workplace, and has established an employee welfare committee in accordance with the Employee Welfare Fund Act to provide various subsidies, and invite employees from various functions to discuss related employee welfare issues. With the continuous improvement of various measures, the Company has maintained a long-term harmonious employer-employee relationship. Taiwan Secom allocates 0.15% of the monthly revenue to fund activities organized by the employee welfare committee, such as employee birthdays, maternity gifts, wedding and funeral subsidies, scholarships for employees' children and annual festival funds, etc., which are welfare programs to reward employees for their hard 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><b>3. Workplace diversity and equality</b></p> <p>Provide relevant information on laws and regulations in pre-employment training for new hires, including prohibition of forced labor and child labor, anti-discrimination, anti-harassment, working hours management, and protection of humane rights.</p> <p>Provide a grievance channel for sexual harassment prevention and understanding of the concept of sexual harassment and the Company's approach handling sexual harassment incidents.</p> <p>Disseminate importance of preventing workplace abuse.</p> <p>Help employees understand the meaning of workplace bullying and how to prevent bullying, so as to jointly create a friendly work environment that is open to communication and open management.</p> <p>Workplace equality</p> <p>Achieve equal pay and equal promotion opportunities for men and women for equal work. In 2023, female employees accounted for 17% and female supervisors accounted for 13% of the work force.</p> <p><b>4. Operating performance is reflected in employee remuneration</b></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 2023, the ratio of remuneration for male and female and supervisors and non-supervisors has no significant difference.</p>	
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<p>(III) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?</p> <p>(IV) Has the Company established effective career development training plans?</p>	<p>✓</p> <p>✓</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> <p>(IV) The Company provides employees with a safe and healthy working environment and conducts regular safety and health education and training programs, which are summarized below:</p> <p>Taiwan Secom is committed to establishing a safe, healthy, and comfortable working environment and continuously reducing the rate of occupational accident. The occupational safety and health policy is formulated with the management guidelines of “Safety without Accident” and “Continuous Improvement”.</p> <p>The Company has established an “Occupational Safety and Health Committee” which holds regular meetings every quarter to consolidate the “Occupational Safety and Health Management Report” and implement relevant improvement measures based on the resolutions of the meetings in order to implement occupational safety and health management.</p> <p>In 2023, 282 individuals were served by the “On-site Health Services” program. In addition to implementing four major projects, namely, human factors engineering, overload, workplace violence, and maternal health protection, the program also conducted educational training courses for middle-aged and elderly employees. Through health examinations and distributing questionnaires, the program classified the health status of colleagues and provided recommendations for those at high health risks. Furthermore, the program continued to follow up with colleagues who met the criteria of the maternal health protection program. In the 2023 assessment, the high risks are still focused on preventing the “Three-Hypers Series” (Hypertension, High blood cholesterol, High blood sugar) and traffic accidents. Due to the nature of the industry, most employees are sedentary for long periods of time, and many lack the habit of exercising, with a high number of irregular field trips being the main cause of the result.</p> <p>On-site contracted physicians and nurse practitioners: Regular health counseling, health examinations and employee assistance programs: Every three years, we contract with qualified major hospitals to conduct physical examinations for in-service employees to ensure their physical health</p>	<p>No Discrepancy.</p> <p>No Discrepancy.</p>
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			<p>and report the results to the competent authorities for review as required. Depending on the examination results, health status and physician's recommendation, we will manage employees with abnormal examination results by conducting health education, health examination re-check, follow-up and treatment, or transferring them to other worksites.</p> <table border="1"> <thead> <tr> <th>Approach to Care</th><th>Total Service Sessions</th><th>Total Number of Personnel Served</th></tr> </thead> <tbody> <tr> <td>Frequency</td><td>52</td><td>282</td></tr> </tbody> </table>	Approach to Care	Total Service Sessions	Total Number of Personnel Served	Frequency	52	282	
Approach to Care	Total Service Sessions	Total Number of Personnel Served								
Frequency	52	282								
(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)	<p>The highest number of occupational accidents were traffic accidents, accounting for 50% of the total. The main causes of these accidents were attributed to employees' lack of awareness, unclear understanding, or negligence of safety factors. To prevent occupational accidents, Taiwan Secom will propose preventive measures for their causes, such as strengthening employee safety and health education and training, implementing safety and health promotion, implementing hazard anticipation before work, implementing maintenance of work environment, major equipment and tools, and implementing autonomous management of safety and health, in order to reduce the occurrence rate of occupational accidents.</p>	No Discrepancy.						
(VI) Does the Company formulate a supplier management policy that requires suppliers to follow the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and their implementation?	✓	(VI)	<p>In the job classification system, based on the needs of the Company, it established career paths for employees and implemented them into the training system, providing training on skills, management, and self-awareness for relevant personnel through seven courses. It also established relevant training knowledge base to provide online reference for employees. All products are subject to certification procedures such as safety spec., BSMI, NCC, etc. according to their category attributes and in accordance with the relevant regulations in Taiwan.</p> <ol style="list-style-type: none"> <li>1. Conduct Monthly Customer Satisfaction Surveys for New Clients</li> <li>2. Establishment of Customer Service Center, Promptly Responding to Customer Needs</li> <li>3. The Company has a privacy policy and discloses it on the Company website: Service Email: service@secom.com.tw</li> <li>4. Protecting Customer Personal Information: <ul style="list-style-type: none"> <li>(1) The Information Security Department implements protective measures when collecting information from clients, considering information security as a critical issue in our operations. We ensure</li> </ul> </li> </ol>	No Discrepancy.						

	<p>the confidentiality, integrity, and availability of the information assets we protect, while also complying with relevant regulations to support the sustainable development of the Company. Also, we continue to enhance employees' cybersecurity literacy by periodically sending out cybersecurity awareness campaigns to remind them to comply with cybersecurity regulations.</p> <p>(2) Develop personal data protection regulations and a personal data protection management organization, and conduct annual simulation exercises to ensure the security of customer personal data. We improve our management processes through the Plan-Do-Check-Act (PDCA) cycle, as outlined in Chapter 2 of our 2023 Annual Sustainability Report.</p>	<p>(VII) Current management standards for equipment suppliers and construction contractors:</p> <ol style="list-style-type: none"> <li>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.</li> <li>2. Child labor under the age of 15 is prohibited, and labor health insurance and accident insurance are provided for employees.</li> <li>3. Regularly carry out labor safety and health education and training sessions.</li> <li>4. Require contractors to conduct labor safety and health education and training for their employees.</li> <li>5. Regularly inspect the construction operating units during construction.</li> <li>6. Construction units with doubts about the project payments may file their complaints through the construction transaction system.</li> <li>7. Contracts require that contractors abide by the safety and health code of conduct.</li> <li>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.</li> </ol> <p>In the procurement contract, a relevant provision of "Corporate Social Responsibility (CSR)" has been added to announce the relevant constraints on the procurement counterparties.</p> <p>The provisions are as follows:</p> <p>Article 8 Party B is committed to Party A's commitment to CSR based on the concept of sustainable management, and is willing to work with stakeholders affected by business operations, including employees, customers, suppliers, partners, shareholders, and even the natural environment, together to create sustainable harmony and mutually beneficial development. Its commitments are as follows:</p>
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			<ol style="list-style-type: none"> <li>1. Do not use force, coercion, debt-forcing, contractual or involuntary labor.</li> <li>2. It is forbidden to employ child laborers under the age of 15 to perform labor. For minors under the age of 18, they shall not be allowed to engage in heavy and dangerous work, and shall not engage in night shift work.</li> <li>3. The salaries and benefits paid to employees shall be in accordance with all current legal requirements: including laws related to the calculation of minimum wages, overtime pay and statutory benefits. A payroll or related document shall also be provided as a basis for employees to understand the salary content.</li> <li>4. Treat each employee fairly and do not treat employees with inhumane methods such as brutality, insult, abuse, etc. In addition, the Company must ensure that employees are not discriminated against on opportunities such as hiring, promotion, rewards, and training due to factors such as race, skin color, age, gender, disability, pregnancy, religion, political faction, or marital status.</li> <li>5. Employees must not be forced to undergo discriminatory medical examinations.</li> <li>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 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.</li> </ol>		
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). ( <a href="https://www.secom.com.tw">https://www.secom.com.tw</a> )	
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				No Discrepancy.

regulations and principles. There are not any discrepancies.

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.

Our company participates in domestic professional associations and actively engages in promoting the Safety Equipment and Services Industry Association and the Remote Care Services Industry Association, serving as a board member.

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
	Ye s	N o	
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?	✓		<p>(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.</p> <p>(II) The Company's Articles of Incorporation provide for the prevention of dishonest or unethical conduct, including operating procedures, conduct guidelines, and education and training, etc. To ensure that all employees are aware of them, employees can learn more about various compliance matters through the Company's employee database and reporting website.</p>
(II) Does the company establish a mechanism for assessing the risk of dishonest behavior, regularly analyzing and evaluating business activities with a higher risk of dishonest behavior within the scope of operations, and formulating preventive measures based on such analysis? And does it at least cover preventive measures for the behaviors specified in Article 7, Section 2 of the Code of Conduct for Listed and OTC Companies?	✓		<p>(III) The Company has policies that prevent unethical conduct and strengthen preventive measures for business activities with a higher risk of unethical conduct within the scope of business.</p>
(III) Has the Company defined operating procedures, conduct guidelines,			

Assessment Item	Implementation Status			Deviation, and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Ye s	N o	Summary	
disciplinary penalties and grievance process in the program preventing unethical conduct and put them in practice, and regularly reviewed and amended the program?				
II. Ethical corporate management implementation	✓		(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 Discrepancy
(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?			(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, 2023. 2. The Company fully implements its integrity management policy and the related implementation status in 2023 is as follows: <b>A. Education and Training:</b> In each training class, we plan a series of courses on laws and regulations, auditing, risk management, disaster prevention and security topics, etc., to study the legal knowledge, service rules and behavioral regulations for	No Discrepancy
(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?				

Assessment Item			Implementation Status Summary	Deviation, and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Ye s	No		
			<p>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 3,305 course hours was conducted.</p> <p><b>B. Legal Compliance:</b> The Company implements the policy of ethical management, and the related implementation and dissemination of laws and regulations and cases, including the announcement of legal knowledge, code of conduct, code of ethical management and operating procedures for employees through the Company's employee database and reporting website.</p> <p><b>C. Annual self-assessment:</b> Annual online self-assessment tests are conducted for all employees, covering the Code of Conduct, the Ethical Corporate Management Best 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><b>D. Periodic Audits:</b> In order to prevent employees from engaging in dishonest or unethical behaviors and to consider factors such as fraud risks, the 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</p>	

Assessment Item			Implementation Status Summary	Deviation, and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Ye s	No		
			<p>maintaining the confidentiality of the Company's trade secrets, trademarks, patents, works and other intellectual properties and it shall also conduct periodical reviews on the results of implementation to ensure the sustained effectiveness of the confidentiality procedures.</p> <p><b>E. Whistleblower System and Whistleblower Protection:</b></p> <p>The "Corporate Governance Best Practice Principles", the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" provide for a specific reporting system to actively prevent unethical or dishonest conduct and encourage internal and external personnel to report dishonest conduct or misconduct, with the 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</p>	

Assessment Item			Implementation Status Summary	Deviation, and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Ye s	N o		
(III) Does the Company establish policies to prevent conflict of interest, provide appropriate communication and complaint channels and implement such policies properly?	✓		<p>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 policies and relevant laws and regulations. In 2023, 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> <p>(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.</p>	No Discrepancy
(IV) Has the Company established an effective accounting and internal control system to put ethical corporate		✓	<p>(V) We have formulated the "Ethical Operations Management Best Practice Principles" and "Procedures for Ethical Operations Management and Guidelines</p>	No Discrepancy

Assessment Item	Implementation Status			Deviation, and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Ye s	N o	Summary	
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?	✓		for Conduct”, and published them on the Company website and the internal electronic bulletin board. 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 2023, the participation in education and training was about 3,998 person-time, and the total number of days of learning was 695 days. 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 2023, the participation in the education and training had 53 person-time, totaling 3 hours.	
(V) Does the Company provide internal and external ethical management training programs on a regular basis?				
III. Operation of the whistleblowing System (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?	✓		(I) The Company has established the following complaint or grievance filing channels for employees or external parties: 1. Address: No. 139, Zhengzhou Road, Datong District, Taipei City 10341 2. Complaint filing hotline: (02)25575050#869 3. Complaint filing fax number: (02)2557-0665 4. Email: <a href="mailto:floatbird@secom.com.tw">floatbird@secom.com.tw</a> The division of powers and responsibilities for handling the reported violations are clearly defined.	No Discrepancy
(II) Does the Company establish standard operating procedures for investigating the complaints received, follow-up measures to be	✓		(II) The Company has established a whistleblowing procedure and a confidential mechanism for receiving complaints.	No Discrepancy
	✓		(III) Unless otherwise required by law, the Company will take appropriate measures to protect the privacy of the	No Discrepancy

Assessment Item	Implementation Status			Deviation, and causes of deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies
	Ye s	N o	Summary	
adopted and the related confidentiality measures after investigation? (III) Does the Company adopt proper measures to shield a whistleblower from retaliation for filing grievances?			whistleblowers and the information provided by them and maintain confidentiality.	
IV. Strengthen the information disclosure (I) Does the Company disclose the content of its Ethical Corporate Management Best Practice Principles as well as information about implementation thereof on its website and Market Observation Post System (“MOPS”)?	✓		(I) Please refer to the Company’s website for ethical management related information: <a href="http://www.secom.com.tw">http://www.secom.com.tw</a>	No Discrepancy
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
4. Managers, and Procedures for Election of Directors etc.
5. Articles of Incorporation
6. Organizational chart of the company and functions of each department.
7. 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

中興保全科技股份有限公司

#### 內部控制制度聲明書

日期：113年3月12日

本公司民國112年度之內部控制制度，依據自行評估的結果，謹聲明如下：

- 一、本公司確知建立、實施和維護內部控制制度係本公司董事會及經理人之責任，本公司業已建立此一制度。其目的係在對營運之效果及效率(含獲利、績效及保障資產安全等)、報導具可靠性、及時性、透明性及符合相關規範暨相關法令規章之遵循等目標的達成，提供合理的確保。
- 二、內部控制制度有其先天限制，不論設計如何完善，有效之內部控制制度亦僅能對上述三項目標之達成提供合理的確保；而且，由於環境、情況之改變，內部控制制度之有效性可能隨之改變。惟本公司之內部控制制度設有自我監督之機制，缺失一經辨認，本公司即採取更正之行動。
- 三、本公司係依據「公開發行公司建立內部控制制度處理準則」(以下簡稱「處理準則」)規定之內部控制制度有效性之判斷項目，判斷內部控制制度之設計及執行是否有效。該「處理準則」所採用之內部控制制度判斷項目，係為依管理控制之過程，將內部控制制度劃分為五個組成要素：1.控制環境，2.風險評估，3.控制作業，4.資訊與溝通，及5.監督作業。每個組成要素又包括若干項目。前述項目請參見「處理準則」之規定。
- 四、本公司業已採用上述內部控制制度判斷項目，評估內部控制制度之設計及執行的有效性。
- 五、本公司基於前項評估結果，認為本公司於民國112年12月31日的內部控制制度(含對子公司之監督與管理)，包括瞭解營運之效果及效率目標達成之程度、報導係屬可靠、及時、透明及符合相關規範暨相關法令規章之遵循有關的內部控制制度等之設計及執行係屬有效，其能合理確保上述目標之達成。
- 六、本聲明書將成為本公司年報及公開說明書之主要內容，並對外公開。上述公開之內容如有虛偽、隱匿等不法情事，將涉及證券交易法第二十條、第三十二條、第一百七十一條及第一百七十四條等之法律責任。
- 七、本聲明書業經本公司民國113年3月12日董事會通過，出席董事12人中，有0人持反對意見，餘均同意本聲明書之內容，併此聲明。

中興保全科技股份有限公司



董事長：林建涵



總執行長：林建涵



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:

### **I. Shareholders' Meeting**

The Company held one Annual Shareholders' Meeting and two Shareholders' Extraordinary Meeting in 2023. The 2023 Annual Shareholders' Meeting was held in No. 151, Danjin Road Sec. 5, Tamsui District, New Taipei City (training center in Tamsui) on May 30, 2023, and Shareholders' Extraordinary Meetings on July 31, 2023 and October 3, 2023, and the summary of significant resolutions is as follows:

#### **1. Important resolutions of 2023 Annual Shareholders' Meeting:**

- Matters for Ratification:

(1) Ratification of the 2022 business report and financial statements.

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

Items	Voting rights of shareholders in attendance	Approval	Against	Invalid	Abstention/ did not vote
Weights	391,295,822	384,440,633	20,181	0	6,835,008
Proportion	100%	98.24%	0.00	0	1.74%

The status of Implementation:

Ratification of the 2022 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 2022 profit distribution:

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

Items	Voting rights of shareholders in attendance	Approval	Against	Invalid	Abstention/ did not vote
Weights	391,295,822	384,441,069	23,181	0	6,831,572
Proportion	100%	98.24%	0.00	0	1.74%

(3) The status of Implementation:

(4) The resolution of the 2023 Annual Shareholders' Meeting approved the 2022 distributable profits of NT\$2.25598 billion and the proposal of cash dividends of NT\$5 per share. June 26, 2023 was set as the record date of dividends, and

the cash dividends were issued on July 14, 2023.

● Matters for Discussion:

(1) Amendments to provisions of the Procedures Governing Loaning of Funds and Making of Endorsements/Guarantees.

The motion was discussed by the voting results shown as follows:

Items	Voting Rights of shareholders in attendance	Approval	Against	Invalid	Abstention/ did not vote
Weights	391,295,822	384,111,397	24,308	0	7,160,117
Proportion	100%	98.16%	0.00	0	1.82%

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

● Election Matters:

(1) Re-election of the Company's Director (including Independent Directors).

Election Results: The list is as follows, totaling 11 seats (8 directors; 3 independent directors).

Title	Household ID number or ID number	Household Name	Electoral vote count
Director	199	Hsin Lan Investment Co., Ltd. Representative: LIN Chien-Han	489,578,664 shares
Director	1842	Yuan Hsin Investment Co., Ltd. Representative: LIN Ming-Sheng	410,110,312 shares
Director	16349	Cheng Hsin Investment Co., Ltd.	385,636,580 shares
Director	93	SECOM Co., Ltd. Representative: SATO Sadahiro	360,055,624 shares
Director	93	SECOM Co., Ltd. Representative: NAKATA Takashi	350,099,824 shares
Director	93	SECOM Co., Ltd. Representative: ONODERA Hirofumi	330,636,845 shares
Director	169	Shin Lan Enterprise Inc. Representative: HSU Lan-Ying	325,096,405 shares
Director	62562	TU Heng-Yi	305,057,909 shares
Independent Director	A1228*****	CHEN Tien-Wen	181,157,668 shares
Independent Director	A1221*****	CHIANG Yung-Cheng	181,144,778 shares
Independent Director	A1223*****	CHIANG Kuang-Tse	181,115,454 shares

2. Important matters of resolutions of 2023 1st Shareholders' Extraordinary

### **Meeting: Matters for Discussion**

- (1) Amendments to provisions of the Articles of Incorporation.
- (2) Resolution: The motion was ratified by the voting results shown as follows:

Items	Voting Rights of shareholders in attendance	Approval	Against	Invalid	Abstention/ did not vote
Weights	357,144,454	344,106,194	218,179	0	12,820,081
Proportion	100%	96.34%	0.07	0	3.59%

Implementation status: The resolution passed by the Annual Shareholders' Meeting, and registered by the Ministry of Economic Affairs on August 23, 2023.

### **3. Important matters of resolutions of 2023 2nd Shareholders' Extraordinary Meeting: Matters for Discussion**

Election Matters:

- (1) Addition of one independent director seat.

Election Results: The list is as follows, one additional independent director is newly-selected.

Title	Household ID number or ID number	Household Name	Electoral vote count
Independent Director	J1001*****	WEI, Chi-Lin	302,176,137 shares

## **II. Implementation of important resolutions board meetings held in 2023:**

A total of seven board meetings were held in 2023 and up to the publication (From January 1, 2023 to March 31, 2024) date of this annual report. An abstract of the resolutions of the meetings is as follows:

### **● 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 the Company's Director (including Independent Directors)
- (12) Approval of the deliberation on candidates for directors (including independent directors) nominated by shareholders
- (13) Approval of the review process of director nominations, independent director candidates, and nominated individuals
- (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.

● **Meeting date on May 12, 2023 (The 14th meeting of the 16th session)**

- (1) Approval of the Company's Q1 2023 consolidated financial report.
- (2) Approval of the resolutions of 6th meeting of the 4th Compensation Committee.
- (3) Approval of the proposal to amend the provisions of the Corporate Governance Best Practice Principles.
- (4) Approval of the proposal to amend the provisions of the Sustainable Development Best Practice Principles.
- (5) Approval of the proposal to amend the provisions of the Rules Governing Financial and Business Matters Between the Affiliated Company
- (6) Approval of the proposal to the merger of the Board of Directors' Corporate Governance Committee and the Sustainable Development Committee
- (7) Approval of appointment and remuneration of Chief Information Security Officer
- (8) Approval of application for credit lines from the financial institutions
- (9) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.
- (10) Approval of the proposal to lend funds to subsidiaries.

● **Meeting date on May 30, 2023 (The 1st meeting of the 17th session)**

- (1) Approval of the appointed members of the 2nd session of Sustainable Development Committee.
- (2) Approval of the appointment of the 17th Chairman and Vice Chairman of the Company.
- (3) Approval of the appointed members of the 5th session of the Compensation Committee.
- (4) Approval of the appointed members of the 2nd session of Nomination Committee.

● **Meeting date on June 8, 2023 (The 2nd meeting of the 17th session)**

- (1) Approval of proposal to appoint Mr. LIN Chien-Han as the Head of CEO of the

Company:

- (2) Approval of proposal to appoint Mr. LIN Hsiao-Hsin as the chief board advisor of the Company;
- (3) Approval of the proposal to amend the provisions of the Company's Articles of Incorporation.
- (4) Proposal of matters regarding the Company's 2023 First Annual Extraordinary Shareholders' Meeting.

● **Meeting date on August 10, 2023 (The 3rd meeting of the 17th session)**

- (1) Approval of the Company's Q2 2023 consolidated financial report.
- (2) Newly appointed an additional independent direct.
- (3) The matter of accepting nominations for independent directors from shareholders of the Company.
- (4) Nomination of candidates for independent directors and review of nominees
- (5) Proposal of matters regarding the Company's 2023 Second Annual Extraordinary Shareholders' Meeting.
- (6) Approval of the amendments to R&D of the circulation of the Company's "Inter Control System" and "Internal Audit Operations"
- (7) Approval of application for credit lines from the financial institutions
- (8) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.

● **Meeting date on November 13, 2023 (The 4th meeting of the 17th 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 proposal to acquire the real property from related party
- (3) Approval of the Company's Q3 2023 consolidated financial report.
- (4) Approval of the regular assessment of the CPAs' independence
- (5) Approval of the amendments to information process of the Company's "Inter Control System"
- (6) Approved the 2024 audit plan
- (7) Approval of the construction of the Hualien Hotel by Inotera Memories, Inc.
- (8) Approval of application for credit lines from the financial institutions
- (9) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.
- (10) Approval of the proposal to lend funds to subsidiaries.
- (11) Approval of proposal to the Company's Director (including Independent Directors) and Executive Compensation System

● **Meeting date on March 12, 2024 (The 5th meeting of the 17th session)**

- (1) Approved the 2023 business report and financial statements.
- (2) Approval of the proposal to the Company's 2023 earnings distribution.
- (3) Approval of the 2023 distribution of employees' and Directors' remunerations.

- (4) Approval of the proposal to issue the 2023 Statement on Internal Control.
- (5) Approval of the proposal to formulate the Company's 2024 business plan.
- (6) Approval of list of non-assurance services expected to be provided by Ernst & Young Taiwan and its affiliates from 2024.
- (7) Approval of the changes in the Company's financial director and spokesperson.
- (8) Approval of the changes in the Company's deputy spokesperson.
- (9) Approval of the proposal of the amendment to the Company's provisions of the Rules of Procedures for Board of Directors Meetings.
- (10) Approval of the proposal of the amendment to the Company's provisions of the Audit Committee's Organizational Procedure.
- (11) Approval of the proposal to amend the provisions of the Procedures for Acquisition or Disposal of Assets.
- (12) Approval of application for credit lines from the financial institutions
- (13) Approval of the Company acting as a joint guarantor for its subsidiaries' application of credit facilities from financial institutions.
- (14) Approval of proposal of matters regarding the Company's 2024 Annual Shareholders' Meeting.
- (15) Approval of the motion of the Company's donation to Taiwan Secom Cultural Foundation
- (16) Approval of appointment and hiring of managerial officers

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

3-3-13 A summary of resignations and 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, 2024

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
Deputy General Manager	TAKAHA Hidenori	2017.11.01	2023.06.01	Personnel change
Head of Chief Executive Officer	ONODERA Hirofumi	2016.01.01	2023.06.15	Personnel change
General Manager	CHANG Nai-Sen	2022.03.16	2023.12.15	Personnel change
General Manager	CHANG Lan-Ching	2021.09.16	2024.02.15	Personal Career Planning

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	LIU Hui-Yuan	2023.01.01-2023.12.31	6,524	-	60	-	3,492	3,552	
	WANG Hsuan-Hsuan								

Note: Non-audit fees - Others include tax audit NT\$2,017 thousand, sustainable development report consultation service fees for NT\$500 thousand, special purpose audit report for NT\$633 thousand and others for NT\$342 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: None.

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

Title	Name	2023		Year ended March 31, 2024	
		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	Hsin Lan Investment Co., Ltd.	60,000	-	20,000	-
	Representative: LIN Chien-Han	137,874	-	35,000	-
Vice Chairman	Yuan Hsin Investment Co., Ltd.	30,000	919,000	-	-
	Representative: LIN Ming-Sheng	-	395,000	-	-
Director	Cheng Hsin Investment Co., Ltd.	(230,000)	-	-	-
	Representative: LIU Yun-Fang	-	-	-	-
Director	Secom Co., Ltd. (Note 1)	-	-	-	-
	Representative: SATO Sadahiro	-	-	-	-
Director	Secom Co., Ltd. (Note 1)	-	-	-	-
	Representative: MATSUI Hiromichi (Note 2)	-	-	-	-
Director	Secom Co., Ltd. (Note 1)	-	-	-	-
	Representative: KOZAKI Junichi (Note 2)	-	-	-	-
Director	Shin Lan Enterprise Inc.	(490,000)	-	-	-
	Representative: HSU Lan-Ying	-	-	-	-
Director	TU Heng-Yi	-	-	-	-
Independent Director	CHEN Tien-Wen	-	-	-	-
Independent Director	CHIANG Yung-Cheng	-	-	-	-
Independent Director	CHIANG Kuang-Tse	-	-	-	-
Independent Director	WEI Chi-Lin	-	-	-	-
Chief Strategy Officer	LIN Ming-Sheng	-	395,000	-	-
Head of Chief Executive Officer	Lin Chien-Han	137,874	-	35,000	-
Chief Executive Officer	LI Jung-Kuei	-	-	-	-
Chief Executive Officer	CHOU Hsing-Kuo	-	-	-	-
Chief Executive Officer	CHEN Su-Ling	-	-	-	-
Chief Executive Officer	LIN Lei	-	-	-	-

Title	Name	2023		Year ended March 31, 2024	
		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
Chief Executive Officer	LIN Chih-Fang	-	-	-	-
General Manager	HSU Lan-Ying	-	-	-	-
General Manager	CHIANG Wen-Liang	-	-	-	-
General Manager	CHANG Chun-Yuan	-	-	-	-
General Manager	LEI Ching-Ming	-	-	-	-
General Manager	CHANG Lan-Ching	-	-	-	-
General Manager	HUANG Hsien-Kuei	-	-	-	-
General Manager	TENG Ching-Chung	-	-	-	-
General Manager	LU Chen-Lung	-	-	-	-
General Manager	LUNG Chang-Chi	-	-	-	-
Deputy General Manager	CHEN Chia-Ying	-	-	-	-
Deputy General Manager	LIN Chia-Hui	-	-	-	-
Deputy General Manager	WANG Chih-Chiang	-	-	-	-
Deputy General Manager	CHAN Jui-Tung	-	-	-	-
Deputy General Manager	CHANG Hui-Ching	-	-	-	-
Deputy General Manager	LIU Yun-Fang	-	-	-	-
Deputy General Manager	WU Jung-Hua	-	-	-	-
Deputy General Manager	HU Chih-Chiang	-	-	-	-
Deputy General Manager	YEN Hung-Chun	-	-	-	-
Deputy General Manager	KOZAKI Junichi	-	-	-	-
Deputy General Manager	TANG Tun-Tai	-	-	-	-
Deputy General Manager	LIN Ching-Chun	-	-	-	-
Deputy General Manager	CHEN Hui-Mei	-	-	-	-
Corporate Governance Supervisors	WU Cheng-Chih	-	-	-	-
Chief Financial Officer	LIN Tzu-Hsin	-	-	-	-

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: On March 27, 2024, Secom Co., Ltd. re-assigned its representative juristic person. NAKATA Takashi was reassigned to MATSUI Hiroto, and ONODERA Hirofumi was reassigned to KANZAKI Junichi.

Note 3: 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%	-	-	
	-	-	-	-	-	-	-	-	
Cheng Hsin Investment Co., Ltd. Representative: LIN Hsiao-Hsin	21,621,337	4.79%	-	-	-	-	Shin Lan Enterprise Inc.	Cheng Xin Investment adopts the equity method to invest in the Company	
	4,200,918	0.93%	-	-	-	-	Yuan Hsin Investment Co., Ltd.	First degree relative representative of the Company	
	19,231,340	4.26%	-	-	-	-	-	-	
Chunghwa Post Co., Ltd. Representative: WU Hung-Mou	17,983,740	3.99%	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
Shin Kong Life Insurance Co., Ltd. Representative: WEI Pao-Sheng	16,618,205	3.68%	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	
Shin Lan Enterprise Inc. Representative: LI Mei-Hui	14,115,063	3.13%	-	-	-	-	Cheng Hsin Investment Co., Ltd.	Adopts the equity method to invest in the Company	
	-	-	-	-	-	-	-	-	
Wan-Quan DU Charity Foundation Representative: TU Heng-Yi	8,568,216	1.90%	-	-	-	-	-	-	
	50,750	0.01%	-	-	-	-	-	-	

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	
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	8,106,190	1.80%	-	-	-	-	-	-	
	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	6,060,000	1.34%	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	

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.	311,125	100.00%	-	-	311,125	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%

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
Goldsun Express & Logistics Co., Ltd.	59,465	100.00%	-	-	59,465	100.00%
Kuohsing Security Co., Ltd.	29,322	83.77%	1,221	3.49%	30,543	87.26%
Gowin Building Management & Maintenance Co., Ltd.	28,463	80.96%	6,694	19.04%	35,158	100.00%
Aion Technologies Inc.	15,577	90.17%	-	-	15,577	90.17%
TransAsia Catering Service Co., Ltd.	24,563	67.02%	9,091	24.81%	33,654	91.83%
Taiwan SECOM Insurance Brokerage Services Inc.	913	90.00%	101	10.00%	1,014	100.00%
Tech Elite Holdings Ltd.	2,000	39.22%	-	-	2,000	39.22%
Lee Way Electronics Co., Ltd.	6,859	34.29%	11,998	59.99%	18,857	94.28%
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%	276,380	23.42%	354,086	30.01%

Note: The table lists the investment of the Company adopting the equity method as of 2023.12.31.

## IV. Financing Activities

### 4-1 Capital and shares

#### 4-1-1 Source of capital

##### 1. Type of shares

Type 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 2023 and as of March 31, 2024

##### 2. History of capital formation

Units: Share / NT\$ thousand

Year / Month	Issue Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of Capital	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	Surplus Capital Reserve	260,000 130,000	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	Surplus	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	Surplus Capital Reserve	439,400 219,700	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	Surplus	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	Surplus	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	Reduction of Treasury Stock	150,000	None 2001.02.05 (90) Tai-Cai-Zheng (III) No. 106220
2001/7	10	416,811,280	4,168,113	416,811,280	4,168,113	Surplus Capital Reserve	189,460 189,460	None 2001.05.31 (90) Tai-Cai-Zheng (I) No. 134129

Year / Month	Issue Price (NT\$)	Authorized Capital		Paid-in Capital		Remark		
		Number of shares	Amount	Number of shares	Amount	Source of Capital	Capital Increase by Assets Other than Cash	Others (Approval date and document number)
2001/12	10	416,811,280	4,168,113	401,811,280	4,018,113	Reduction of Treasury Stock	150,000	None 2001.09.07 (90) Tai-Cai-Zheng (III) No. 155986
2002/9	10	421,901,844	4,219,018	421,901,844	4,219,018	Surplus	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	Reduction of 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	Surplus	86,300	None 2005.08.11 Jin-Guan-Zheng 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 Jin-Guan-Zheng I No. 0950131177
2014/10	10	500,000,000	5,000,000	451,197,093	4,511,971	Surplus	66,679	None 2014.08.01 Jin-Guan-Zheng-Fa-Zi No. 1030029353

3. Shelf Registration: None.

#### 4-1-2 Shareholder Structure

March 31, 2024

Shareholder Structure Quantity	Government agencies	Financial institutions	Other Juristic Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Number of Shareholders	2	15	441	40,974	260	41,692
No. of Shares Held	489,400	41,722,826	137,581,591	84,989,768	186,413,508	451,197,093
Ownership held by the Company	0.11%	9.25%	30.49%	18.83%	41.32%	100.00%
Note: The shareholding percentage of China investment capital is 0%.						

#### 4-1-3 Distribution of Ordinary Share Ownership

March 31, 2024

Shareholder ownership	Number of Shareholders	No. of Shares Held	Shareholding percentage
1 to 999	28,120	1,618,451	0.36%
1,000 to 5,000	10,951	20,844,108	4.62%
5,001 to 10,000	1,340	9,799,902	2.17%
10,001 to 15,000	432	5,307,630	1.18%
15,001 to 20,000	199	3,538,343	0.78%
20,001 to 30,000	172	4,245,285	0.94%
30,001 to 40,000	83	2,886,777	0.64%
40,001 to 50,000	55	2,483,744	0.55%
50,001 to 100,000	115	8,338,030	1.85%
100,001 to 200,000	74	10,423,358	2.31%
200,001 to 400,000	54	15,037,576	3.33%
400,001 to 600,000	28	14,360,007	3.18%
600,001 to 800,000	15	10,465,550	2.32%
800,001 to 1,000,000	5	4,499,994	1.00%
1,000,001 or above	49	337,348,338	74.77%
<b>Total</b>	<b>41,692</b>	<b>451,197,093</b>	<b>100.00%</b>

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, 2024

Names of major shareholders	Shares	No. of Shares Held	Ownership held by the Company
SECOM Co., LTD.		123,110,870	27.29%
Cheng Hsin Investment Co., Ltd.		21,621,337	4.79%
Yuanta Taiwan High Dividend Fund Account		19,231,340	4.26%
Chunghwa Post Co., Ltd.		17,983,740	3.99%
Shin Kong Life Insurance Co., Ltd.		16,618,205	3.68%
Shin Lan Enterprise Inc.		14,115,063	3.13%
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.		8,106,190	1.80%
Goldsun Building Materials Co., Ltd.		6,060,000	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		2022	2023	As of March 31, 2023
	Market Price Per Share	Highest	114.50 NT\$	129.00 NT\$	125.50 NT\$
Net Worth Per Share	Lowest		89.70 NT\$	97.90 NT\$	115.00 NT\$
	Average		102.53 NT\$	110.04 NT\$	118.78 NT\$
	Before distribution		26.69 NT\$	27.90 NT\$	- NT\$
After distribution		21.69 NT\$	22.70 NT\$	- NT\$	- NT\$
Earnings per share	Weighted average shares		Thous 441,111 and shares	442,667 Thousand shares	- Thousand shares
	Earnings per share	Before adjustment	5.85 NT\$	5.85 NT\$	- NT\$
		After adjustment	5.85 NT\$	- NT\$	- NT\$
Dividends per share	Cash dividends		5.00 NT\$	5.20 NT\$	- 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		17.53	18.81	-
	Price/dividend ratio		20.51	21.16	-
	Cash dividend yield rate		4.88%	4.73%	-

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 earnings 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 2023 profit distribution has been approved by the 5th meeting of the 17th session of board

on March 12, 2024, and the shareholder meeting proposed to distribute a cash dividend of NT\$ 5.2 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 12 March 2024, the board approved the cash distribution of NT\$30,481 thousand for employee remuneration and NT\$121,924 thousand for director remuneration, which is a difference of NT\$149 thousand from the recognized amount of NT\$152,554 thousand. The difference will be recognized as the 2024 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 (2022):

The total remuneration for employees and directors estimated in the previous year was NT\$151,140 thousand, a difference of NT\$224 thousand from the actual disbursement of

NT\$151,364 thousand. The difference is recognized as the 2023 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): None.

4-3 Implementation status for plan of utilization of capital

4-3-1 Content of Plans:

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

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

4-3-2 Implementation Status: Not Applicable

## V. Operational Highlights

### 5-1 Business activities

#### 5-1-1 Business scope

##### 1. Main areas of business operations

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

\* Commercial Systems

###### (1) Multi Area Security System (MA)

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

###### (2) My Vita Smart Commerce System (CA)

In addition to basic security protection, the commercial management system that integrates multi-value-added services has a variety of expanded features such as CCTV monitoring, energy saving management, smart disaster prevention, smart control, multi-area security protection mechanism, etc. With the electronic lock and the transition of operation interface 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.

###### (3) My Vita AI Security Camera System (DR)

Based on market observations, small and medium-sized retail stores typically have simpler interior equipment and lower merchandise values, resulting in weaker demand for theft prevention. However, there is a significant demand for surveillance. These types of customers often prioritize cost considerations. Therefore, the introduction of an AI Security Camera System has been launched. This system offers price advantages compared to other commercial systems and can detect anomalies through video surveillance, combined with 24-hour countertop monitoring services, thus tapping into potential markets.

\* Home Systems

**(4) 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 guardians 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 onto 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.

**(5) My Vita Family Care System (HZ)**

Social changes have resulted in busy work schedules and a faster pace of life for modern individuals. It has become increasingly common for people to live away from their parents in different locations. This situation not only creates distance among family members but also raises concerns about the health and safety of the elderly in their homes. Consequently, we have launched the Family Care System, employing advanced sensor technology to monitor the daily activities of family members while safeguarding their privacy. Whenever any abnormal conditions are detected, the system will promptly notify family members through My Vita, ensuring that they are promptly informed about the well-being of their loved ones. To further improve the level of care provided, this service is equipped with a care button. This button enables family members to easily contact the care center, make inquiries about long-term care or social service welfare issues, and receive immediate assistance and guidance upon pressing it. Furthermore, the care center conducts a monthly telephone survey to assess the well-being of family members and ensure they are receiving sufficient care and support in their everyday lives. The family care service in smart home services not only integrates advanced technology to offer comprehensive security care but also emphasizes the emotional connection among family members, creating a warm and nurturing home environment.

**\* Financial Institutions**

**(6) 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

(7) 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 an interest-free installment plan to pay attention and protection for hardworking lottery dealers.

(8) 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 will not 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 the door by offenders, our customer is able to use the card reader to secretly transmit signals to the control center to trigger an anti-coercion mechanism.

(9) 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 GPS 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 fixed-point internet access, mobile Internet access, telephone inquiry, etc., to understand the whereabouts of its carrier. In the event of incidents, the carrier is able to seek help with the — emergency button. The carriers enjoy safe, real-time and high-tech personal service.

(2) MiniBond Fleet Vehicle 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 requirements. 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 updates on 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-around 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 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 can conduct vehicle monitoring and positioning for its fleet, and instantly track the location of the group and the distribution of vehicles in Taiwan. 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 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:**

By installing satellite positioning devices on garbage trucks, it is now possible to instantly track their locations using tablets and mobile phones, eliminating the need to anxiously wait for the trucks. The features include real-time collection points, the ability to add new collection points, reminder lists, route inquiries, city changes, and the latest updates. This allows the public to easily stay informed about garbage truck movements and effortlessly address the crucial issue of waste disposal in their daily lives.

### **(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 can save real-time

video records without loss in case that 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 -35 to 65 °C, 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 prevented from rotting away or deteriorating. 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.

(7) **MiniBond Cloud Fleet Management System**

To meet the advanced management needs of large fleet customers in the market, we launched the brand-new MiniBond Cloud Fleet Management System in 2023. Integrated with the latest comprehensive map data, this system offers a cloud-based fleet management platform accessible through both web and app interfaces, aiming to

fulfill the fleet management requirements of large-scale customers.

The MiniBond Cloud Vehicle Fleet Management Platform enables customers to efficiently manage their fleet, reduce fuel costs, and access real-time vehicle location and status through GPS satellite positioning. Additionally, the platform offers a range of comprehensive reports for effective fleet management and scheduling.

Function Description:

- 1) Real-time trajectory monitoring allows for vehicle location inquiries based on county and city regions.
- 2) Subscribe to various types of reports for proactive delivery, reducing administrative and sales costs.
- 3) Active notifications from the abnormal alarm app ensure precise vehicle management.
- 4) The speed curve chart provides a comprehensive display of vehicle performance and driving dynamics.
- 5) Real-time video surveillance carousel, with historical footage available for download from the cloud at any time.
- 6) Driver safety dashboards and dangerous driving analysis facilitate effortless driver assessments regularly.
- 7) External devices such as anti-theft alarms and temperature gauges can be connected, catering to diverse customization needs.
- 8) 24-hour power failure alerts ensure safety by promptly notifying personnel of any abnormalities.

### 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 systems, 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, 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, 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 playback 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, industrial factory offices, and large medical institutions. as well as the replacement of existing video intercom systems in public housing communities to increase the efficiency of safe environment management. In addition, 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 a network video intercom and open the gate remotely without the need to install the indoor machine. It further enhances the management efficiency for the whole environment. It can also add another point to the effectiveness of managing the security environment.

(5) Field Security System

G.Care features two modes: "Intrusion Detection" and "Specific Item Monitoring." In the scenario of intrusion detection, if any individual enters the target area during unmanned periods, G.Care will automatically detect and initiate the necessary notification and expulsion process. Specific item monitoring is implemented in areas with frequent personnel access. Users can designate specific objects (such as computers, cars, etc.) within the area as monitoring targets. If someone lingers near the target for an extended period of time or comes into contact with the monitored object,

G.Care will promptly initiate the notification and ejection process.

The entire service process is divided into three main steps: detection, notification, and ejection. In terms of detection, object detection, and tracking are performed through Machine Learning to reduce false positives. Additionally, stationary filtering is utilized to eliminate extreme signals.

In terms of notifications, G.Care integrates with the community service provided by the Secom Good Life App, offering a localized notification mechanism (R.O.C. Taiwan Patent: I808430). When an anomaly is detected in a certain area, it can trigger notifications to all users in the relevant area. By harnessing the power of community networks, it enables community members to become each other's watchful eyes. If the user does not respond to the system after receiving a notification, a voice notification will be triggered.

Regarding ejection, when G.Care detects abnormalities, it will activate the flashing lights and broadcasting system at nearby checkpoints to initiate the first automatic ejection. If the danger persists, it will be reported to the Control Center. The issue will be assessed manually, and if the Control Center deems it abnormal, patrol members will be dispatched automatically to eliminate the intrusion.

#### 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 the fire, causing no harm to humans 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, with 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 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 (FLAMECHECKER)

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. All products are manufactured in Taiwan and have undergone necessary inspections.

The Taiwan Secom Fashion Fire Extinguisher, newly launched in 2024, is designed to rapidly extinguish fires without the risk of re-ignition, distinguishing it from other dry powder fire extinguishers currently on the market. The formulation of this product has been developed in Taiwan, ensuring its non-toxicity and passing heavy metal testing. It is made from environmentally friendly materials and can be easily cleaned up after use. Sleek and lightweight design available in five colors, making it aesthetically

pleasing and less prone to accidental touches. Withstands heat up to 90°C after high-temperature testing. Suitable for camping, home, office, and can also be placed in vehicles.

The New Style of Smoke Masks comes in three models, made from aerospace-grade heat-resistant materials that are non-sticky. The advanced version features a filter that can filter dense smoke from fires and absorb harmful gases, reducing the damage from choking and allowing more time to escape the fire. The product is categorized into lightweight models, advanced models (equipped with filters), and professional models (featuring adjustable straps).

The Oxidized Fiber Fire Blankets have been rated as Class A for its fire-resistant characteristics, allowing it to withstand temperatures of up to 800°C. It possesses high tensile strength, good tear resistance, is non-flammable, and does not contain any harmful substances. To use, Simply unfold the fire blanket and gently press it over the source of the fire to isolate and prevent the spread of flames. Suitable for initial fire emergencies to prevent the body from being exposed to flames and burned in the fire scene. It is ideal for emergency use in the early stages of a fire, for extinguishing flames, or for escaping through fire exit. Available in three sizes: large, medium, and small, along with a fire-resistant cloak.

(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 of the rooms. Its power-saving design allows the battery to be used for about 10 years. In the event of a 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 construction. The alarm stops when the smoke dissipates, the detector automatically stops the alarm to avoid unnecessary turmoil.

(12) Electric Vehicle Fire Blanket (FB)

The first of its kind in Taiwan, an electric car fire blanket equipped with security connections can be installed in parking spaces equipped with charging stations. In the event of a lithium battery fire in an electric vehicle, it is recommended to use a two-

person operated fire blanket specifically designed for electric vehicles to quickly suppress the fire and prevent it from spreading to nearby vehicles or buildings. This fire protection device, endorsed by fire departments, effectively reduces the rate of fire damage before the arrival of firefighting personnel. The product is a flame-retardant polymer coated with glass fiber, measuring 6x9 meters, and capable of withstanding temperatures over 1,000°C. It is designed for use in light vehicles and SUVs. Certified by the EU for fire resistance and R.O.C.(Taiwan)'s Class 1 flame-resistant inspection, ensuring safe and reliable use.

## 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 three ways (access card, password, and access card with password) to open door lock. 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 it with the default password. Its design is in line with ergonomics. The lock can be combined with the My Vita system and transition 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 a 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. 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 whitelists, gate control, automatic data upload, and real-person detection. The system can also be combined with smart terminal API and use HTTPRESTful 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 a 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 that supports online 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 an 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 a highly secured password lock, integrated with an electronic anti-theft system that cannot be freely opened and moved, making it fully secured.

(3) Medium and Small Home/Commercial Fireproof Vault

The product is made of a high-density alloy steel plate with a high-pressure integral forming coated door frame with a piano-baked paint finish in antique bronze, which enhances both safety and aesthetics. The door panel utilizes laser flat door cutting technology to create a 360-degree flat door micro-gap. Three-sided locking bolts effectively defend against tool damage such as iron pliers and drilling machines. The product features a round anti-pressure handle and an intuitive LCD electronic panel. It can be opened with a dual authentication system of fingerprint + password and is equipped with backup keys and a backup battery box, providing comprehensive security considerations for users. The interior is lined with velvet fabric to protect valuable items from damage caused by collisions. The machine is connected to an electronic anti-theft system that prevents being freely opened and moved, ensuring its safety and reliability.

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 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 have begun to decline starting in 2022. Due to the continued unfavorable marriage and birth rates among the population in recent years, it is projected that Taiwan will enter into a super-aged society as early as 2025. With the population of senior citizens over 65 years old surpassing 20%, Taiwan is facing issues such as short-handed care facilities and the 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 healthcare services which is introduced into ICT, Information and Communication Technologies, 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. We provide comprehensive smart care services and have

been honored with the Symbol of National Quality Award in the year 2023 for our Taiwan Secom Smart Care Service (Guo-Pin-Zi No. P070005).

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.

Users do not need to wear smart devices, yet the home sensors can instantly record their activities. The accumulated data on daily life activities are then analyzed through AI big data analysis to understand the elderly's activities better and predict future trends and potential issues. This information assists caregivers in making proactive responses, ultimately enhancing the quality of care.

TAIWAN SECOM GROUP plans to carry out a cross-industry integration of medical equipment, assistive devices, elder tourism, health care products, physical examination centers, 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 digital ID of health account
- Measurements include: AI big data health score for physical and mental indicators (HRV, physical and mental stress detection, sleep, emotions, stress, fatigue index), blood pressure, forehead and ear temperature, body fat (weight), and alcohol test value.
- 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 Management Solution for Corporate

- To meet the needs of business owners to provide OM doctor (OM nurse) clinical service in accordance with occupational safety and health regulation.
- 2022 Symbol of National Quality Award: Workplace health management solutions (Guo-Pin-Zi No. B01101), renewed in 2024
- 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 health risks

(4) E-Image Management Platform Service

- 2022 Symbol of National Quality Award: e-Image management platform service (Guo-Pin-Zi No. B01103), renewed in 2024.
- Mobile Health: Provide mobile medical equipment such as 12-lead electrocardiogram and handheld mobile ultrasound before hospitalization, and use AIoT to analyze technical data for delivery of real-time data to medical institutions, facilitating timely and appropriate medical interventions.
- Defibtech - Automatic CPR machine (USA, high-Standard), obtained FDA worldwide and CE medical certification, provides patients with uninterrupted, high-quality, effective CPR (chest compression), significantly improving the quality of first aid.

(5) Emergency Services for Solitary Elders

- When solitary elders living alone encounter emergencies, they can press the emergency call button on the main unit or the wireless emergency button. 24-hour professional personnel will be notified immediately, and based on the situation at hand, they will inform family members or police and fire units to assist.
- Daily self-report service
- Report system for homecoming elders to ensure their whereabouts
- 24-hour notification of emergency contact or police and fire units service
- Weekly telephone check, providing elders with care and support
- Links and referrals related to long-term care needs
- Home visits by professional personnel.

(6) Smart Care Service

- Record the status of home activities
- AI activity status analysis and alerts
- Abnormal event management and tracking

## I. Cloud-based 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, 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 codes, or other mobile devices according to their need to order meals. The 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 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 can simplify in-store inventory operations, reduce inventory, and increase the turnover of goods. It also has several 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 to their need to order for meals. The selection of software applications and peripheral products can be adjusted at any time according to needs, making management more economically efficient.

## J. AED Life Security Integration Service

In compliance with government regulations, the Company integrates existing business research outcomes and service capabilities to actively promote the widespread installation of AEDs (Automated External Defibrillators) in ten major public venues and other public

and private spaces.

To ensure a 100% availability and enhance the user experience of AED, as well as reduce the workload of AED administrators, the Company has implemented the following services:

(1) AED Smart Network Management System

The control center provides continuous 24-hour monitoring, allowing real-time monitoring of the AED's status. This includes detecting signals like the opening and closing of the cabinet door, the removal of the AED, and any equipment abnormalities.

(2) Smart Roadmap Control System

Establish a management center for customers at large-scale project sites, enabling managers to have a comprehensive understanding of the availability, location, and real-time status of AED devices across multiple locations.

(3) Detective QR Code

Instantly check the maintenance history of AED by scanning with a mobile phone, grasp key information such as AED status, consumables expiration date, and maintenance date.

In order to respond to the AED policy and universal social awareness of life security, as well as raising public awareness towards remote residents' life safety and promote the concept of the golden window for rescue in tribes, 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. In 2023, in response to government policies and in line with the initiative of the Health, Welfare

and Environment Foundation, the Enhancing Community First Aid Chain - Rural AED Donation Charity Event was launched. As part of this initiative, the Group's affiliated companies took the lead in donating 100 sets of AED to rural police stations. This catalyzes to encourage other Taiwanese enterprises to join in donating AED, aiming to safeguard the emergency life-saving network in rural communities. In 2024, we are planning to launch a new model that will be capable of performing continuous CPR while analyzing heart rhythms. This innovation will significantly reduce the interruption time of CPR and enhance the overall quality of emergency care. As a result, it will revolutionize the market's perception of AED rescue. Introducing new products can boost the competitiveness of the AED product market and offer customers superior quality products and services.

## K. Community Solutions

### (1) Smart Building Management Systems

Unlike any average anti-theft 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.

**(3) AI Smart License Plate Recognition System**

For the entry and exit control in parking lots, traditional communities still rely on manual security guards, coupled with remote controllers to operate gate machines or roller doors for vehicle access. Consequently, in the past, remote controllers would often run out of battery or access cards could be lost, parking spaces might be overused, cards could be duplicated, or guards might temporarily leave, resulting in access issues. Additionally, some community sites and parking spaces nowadays require a large upfront investment for installation. With Taiwan Secom's smart license plate recognition system, existing analog cameras on-site can be mostly utilized, achieving license plate recognition functionality by pairing them with a backend recognition server. The solution tackles entry and exit issues, alleviates the manpower burden of traditional security guards, and AI recognition can also fulfill the entry and exit requirements of parking lots with minimal economic scale. This greatly benefits the overall assessment of communities and projects.

**(4) Field Security System**

In terms of G.Care's notification, it integrates with the community service provided by the Secom Good Life App, offering a localized notification mechanism (R.O.C. Taiwan Patent: I808430). When an anomaly is detected in a certain area, it can trigger notifications to all users in the relevant area. By harnessing the power of community networks, it enables community members to become each other's watchful eyes. If the user does not respond to the system after receiving a notification, a voice notification will be triggered.

**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 a 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.

**(2) Disaster Prevention Monitoring System**

We Utilize BIM technology to develop Taiwan Secom's own 4D SMART BIM building management platform. The platform is 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 can 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 shut down 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 Service

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 existing customers and a large number of target audiences 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, Mar-tech, 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 appliances, to sell 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 in 2018, in response to the requirements of home customers, we have successively extended Home Environment Cleaning Expert cleaning service to water pipes, water towers, and washing machines, leaky pipes repair and have also accepted customers' orders for 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 a 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.

Taiwan 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 - 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.), Taiwan Secom and Baohwa Trust have joined forces to provide cybersecurity services, offering the Taiwan Secom Information Security Double Protection Solution. This service integrates both physical and virtual security mechanisms, providing comprehensive cybersecurity solutions tailored for enterprise protection. Key features include cybersecurity software and hardware monitoring, protection reports, cybersecurity consulting services, and more.

Small and medium-sized enterprises face three major challenges in terms of cybersecurity: a lack of substantial budget to establish a cybersecurity team, the need to acquire suitable cybersecurity talent within a limited timeframe, and uncertainty about how to comply with government cybersecurity regulations. To tackle these challenges, BaoHwa Cybersecurity has introduced a new service called Cybersecurity Consulting Service. This allows small and medium-sized enterprises to quickly acquire professionally certified cybersecurity talents to assist in internal cybersecurity protection. On the other hand, it helps enterprises rigorously implement government-required cybersecurity regulations, assisting them in implementing regulatory details such as Cybersecurity Maintenance Plans. To sum up, Baohwa's Cybersecurity Consultant helps enterprises deploy cybersecurity measures from a holistic perspective.

## P. AI Smart Camera System

### (1) Smoke/Flames/Fire Detection

Combining thermal imaging with fire and smoke detection systems, the system incorporates fire pattern algorithms that can be flexibly applied to thermal detection areas. In addition to image recognition, the alert mode can also integrate strobe lights and speakers to achieve alarm functions.

### (2) License Plate Recognition and Lane Management

The AI camera offers various functions, including real-time reporting alerts, dynamic recognition, and long-term recording. It can accurately analyze license plate data of vehicles traveling at speeds below 40km/h. The main unit has a storage capacity of up to ten thousand license plates (camera: four thousand plates). By utilizing wide-angle and telephoto lenses, it can achieve precise recognition without any blind spots and automatically open the barrier. This solution addresses the issues commonly found in traditional parking lots, such as the risk of card remote controllers being copied, manual control, and the inconvenience caused by damaged eTag stickers.

**(3) Face Recognition Comparison**

Our solution offers accurate face recognition and face recording, controls personnel access and blacklists, provides real-time alerts, and replaces traditional buttons or card swiping to open doors. This enables businesses to achieve enhanced security in access control management.

**(4) Electronic Fence**

The system provides protection for blind spots within the perimeter walls or external surveillance areas of the target object. Protection methods include perimeter radar protection, sensor cable protection, and camera fence protection. When abnormal events occur, the system can trigger video linkage and notify administrators for appropriate action.

**Q. Smart Construction Site Management Platform**

A visualized technology dashboard, coupled with AI technology and detection systems, manages high-risk and highly complex construction sites. The construction site management platform digitizes data, reducing the on-site security personnel costs and allowing quickly and efficiently managing information and personnel across multiple construction sites simultaneously.

**(1) Personnel and Vehicle Access Management:**

The gate machine at the construction site entrance allows personnel access through face recognition while simultaneously checking body temperature and recording attendance data. It also integrates the total number of workers and types of occupations on-site. Moreover, AI-enabled cameras conduct uniform inspections and alcohol tests to ensure that personnel are wearing standard safety attire (safety vests and helmets) when entering the work zone, thereby ensuring the safety of construction operations. When the system detects abnormalities, the warning light will activate, and the integrated platform will display abnormal values on the management platform. Additionally, the AI vehicle recognition system regulates the types and quantities of vehicles entering and exiting the construction site, and immediate alerts are generated for unregistered vehicles.

**(2) Environmental Quality Management:**

The platform includes detection systems for wind speed, CO2 levels, noise, humidity, temperature, and PM 2.5 in different construction site environments, ensuring site safety and maintaining environmental stability.

**(3) Safety Protection and Monitoring Management:**

Network cameras can be used to monitor multiple areas of the construction site simultaneously, enabling perimeter protection through an electronic fence system. Equipment collision and tower crane hazard detection system utilizes UWB (Ultra-

Wideband) real-time positioning technology to detect the safe distance between personnel and machinery. When individuals enter the operational range of hazardous equipment, the system triggers an alarm to prevent construction accidents. Furthermore, the wall-shaped radar wave detection equipment detects when the crane arm exceeds the work area and immediately alerts the driver and pedestrians on the ground. Likewise, The environmental construction site is equipped with a comprehensive detection system to ensure safety, including flood warning sensors, cabinet temperature sensors, cabinet opening sensors, water pump motor sensors, and fire detection devices, enabling real-time monitoring of construction accidents and reducing site losses.

(4) Construction Project Progress Management

The headquarters management center only needs to deploy one system host. This platform integrates the functions of a command center, managing information from up to 15 construction sites, facilitating management, and providing real-time alerts for project delays.

R. Smart Aerial Unmanned Vehicles (Drones)

(1) Hanging AED Rescue

Drones, unlike ambulances, are not affected by traffic restrictions and can deliver AEDs to patients promptly, taking advantage of crucial rescue opportunities. Moreover, Taiwan Secom employs voice-controlled AEDs, enabling operators to follow rescue instructions.

(2) Field Patrol

Drones can replace manpower in patrolling vast areas or hard-to-reach locations. They can be equipped with recording and broadcasting equipment to monitor whether individuals are entering restricted areas and use the broadcasting system to warn them to leave.

(3) Drones for Disaster Relief

Drones can be deployed to disaster sites, where they can hover in the air and provide real-time images of the disaster. These images are then transmitted to personnel, allowing them to assess the situation on-site before initiating disaster relief efforts. This enables them to plan rescue routes in advance. The drones are equipped with a GPS positioning system, which ensures accurate dispatch of drones for disaster terrain reconnaissance. Additionally, a thermal imaging camera is utilized to capture images of heat source distribution, thereby ensuring the safety of rescue personnel.

S. Smart Charging Station System

(1) Charging Station and EMS

The electric vehicle charging services provided by Taiwan Secom are mainly divided into five major customer groups: individuals, communities, parking lots, commercial

premises, and office buildings. We assist property owners in providing customized one-stop electric vehicle charging services, including charging pile installation services, on-site surveys, providing charging pile purchases, site construction, and implementing an Energy Management System (EMS). Users only need to download the app to easily operate the charging service.

(2) Electric Vehicle Fire Blanket

Taiwan Secom has introduced the TEXfire electric vehicle fire blanket from Spain. This product has been certified by SGS and has obtained Class 1 flame retardant certification (in accordance with CNS10285 L3196 A4 test). The fire blanket measures 9 meters by 6 meters and requires only 2 people to cooperate, covering vehicles to prevent the spread of fire to surrounding vehicles and buildings. Taiwan Secom offers a unique service by providing Fire Blanket Storage Boxes that trigger an alarm notification when the fire blanket is removed from the box.

T. Smart Energy Storage System

(1) Residential Energy Storage System (Battery Capacity Below 20 kWh):

The main target customers are individual households, offering installation services for residential energy storage systems, including equipment selection, installation, and system management services.

(2) Commercial Energy Storage System (Battery Capacity 21 kWh to 100kWh):

The main target customers are commercial or industrial establishments, offering solutions to reduce electricity costs by providing owners with the option to choose differential electricity pricing plans. This includes solutions for purchasing energy storage equipment, installation services, and system management.

## 2. Percentage of Operation

Unit: NT\$ thousand

Item	Income and Percentage	
	Net Operating Income	Percentage (%)
Income from electronic system	7,181,462	42.07%
Income from static guard service	2,343,390	13.72%
Income from cash-in-transit service	1,252,598	7.34%
Income from logistics service	1,020,152	5.97%
Income from F&B service	1,636,485	9.58%
Other operating Income	3,639,890	21.32%
Total	17,073,977	100%

### **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 for Human Use
- (3) MiniBondGPS 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) MiniBond Cloud Fleet Management System
- (9) Digital Surveillance and Video Intercom System
- (10) Professional Fire Safety Planning and Construction
- (11) Fire Safety Equipment Monitoring and Management Service
- (12) Access Control and Attendance System Construction Service
- (13) Building Environment Integration and Planning Service
- (14) Surveillance Equipment Integration and Planning Service
- (15) Cash (and bills) Delivery Service
- (16) Resident Security Guard Service
- (17) Smart Buildings Management Service
- (18) Smart Care Service
- (19) Public Health Station Service
- (20) Contracted OM Nurse Clinical Health Care Service for Corporate
- (21) AED Life Security Integration Service
- (22) Public Elderly Care Service
- (23) Emergency Services for Solitary Elders
- (24) Cloud POS Store Management System Integration Service
- (25) Public Housing Security Solutions
- (26) Disaster Prevention Integrated Planning Service
- (27) New Retail E-commerce Service
- (28) Home Repair Service
- (29) UTM Network Sentinel Information Security Service
- (30) AI Smart Camera System
- (31) Smart Construction Site Management Platform
- (32) Smart Aerial Unmanned Vehicles (Drones)
- (33) Smart Charging Station System
- (34) Smart Energy Storage System

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

- (1) New Features of the MiniBond Fleet Management System (video camera, tire pressure, alcohol test, ADAS, DMS)
- (2) Integration of AI Camera Equipment and Recognition Analysis Platform
- (3) Access Control Door Intercoms (with touchscreen)
- (4) My Vita Main Units and Sensors

## 5-1-2 Overview of Production and Sales

### 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, few security monitoring companies in Taiwan 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, to ensure product quality and supply stability, the affiliated companies of TAIWAN SECOM GROUP play an important role as upstream suppliers.

Collaboration with industry, government, and academia is also 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

In Taiwan, surveillance systems have become essential equipment used in spaces ranging from households to large areas such as parks, ports, and airports. Besides their basic function of theft prevention, surveillance systems combined with AI technology help people reduce their workload and become more efficient in their tasks. AI covers various domains such as public safety, traffic management, factory operations, retail, and healthcare, including long-term care. It can also assist in interpreting situations in disaster-stricken areas.

Recently, AI technology has been widely applied in the management of large public areas. For instance, in ports, AI cameras combined with full-function cameras and thermal imaging cameras can track the trajectory of vessel navigation, thereby enhancing the efficiency of tower personnel. Surveillance systems are no longer just about simple video recording; they now utilize stable AI technology to provide a more diverse range of applications for recorded footage. This addresses the issue of fatigue associated with manual monitoring in the past.

#### 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

With the advent of the smart era, 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. By utilizing Taiwan Secom's self-developed management platform in conjunction with AI IP cameras for recognition, various capabilities can be achieved. These include: (1) transportation - license plate recognition and technology enforcement; (2) access control and attendance - face recognition, people counting and identification, and thermal imaging detection of human bodies; (3) environmental monitoring - perimeter protection system, intrusion detection, laser detection system, fire and heat detection, and other comprehensive service applications.

Due to the rapid development of the IoT industry, intense competition exists in various sectors, including companies, retail, technology parks, and transportation. The practical applications of this industry are expanding, and there is a growing interest and demand from users. These days, companies have been focusing on developing AI image recognition capabilities. By utilizing AI backend software to convert recognized objects into searchable and quantifiable information, data storage is seamlessly integrated with cloud software. Through Deep Search computation, surveillance targets can be accurately identified, eliminating the need for time-consuming image retrieval. Therefore, products that are closely integrated with AI technology can successfully transition into the AIoT era. Lately, there has been a growing number of companies from various industries entering the competition, including communication equipment manufacturers, broadband providers, and fourth-generation television system operators. Many of these companies engage in cross-system sales, offering enhanced features and applications.

### **3. 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 zigbee 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 in families, 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 systems, and access control system manufacturers. Many manufacturers have integrated across systems to provide updated functions and applications.

## **4. Satellite Positioning Fleet Management 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 devices 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 government-regulated vehicles carrying toxic substances and wastes, the MiniBond on-board units for waste management vehicles are used to help customers achieve 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 systems in commercial, residential, factory, and office properties.

#### 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. 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. Sudden cardiac arrest can happen unexpectedly, anywhere, and to anyone. On May 10, 2023, the Ministry of Health and Welfare reissued regulations mandating the widespread installation of Automated External Defibrillators (AEDs) in ten major public places, actively promoting education and training on CPR + AED.

As of the end of 2023, the number of AED installations in Taiwan has surpassed 13,000 units, according to statistics from the Ministry of Health and Welfare's Public Places Emergency Information Network. 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 May 2023, the Ministry of Health and Welfare revised the regulations for installing Automated External Defibrillators (AEDs) in public places. The announcement introduced two new categories: Category 9 for Public Service Facilities (Police Stations, Police Posts, and Substations), and Category 10 for Special Institutions, (Military Camps with over 1,000 personnel). Additionally, the regulations reduced the minimum person flow requirement for large shopping and leisure venues from 3,000 to 1,000. The installation of AEDs will significantly improve the community's ability to save lives.

#### 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 AEDs deployed in public spaces, and the density of 60 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, it has been more than 10 years since the first batch of installations. It remains to be seen whether the machines have aged and need to be replaced, whether the locations of installation are regularly maintained, or whether employees are properly trained. Lee Way Electronics Co., Ltd. launched Taiwan's first AED Smart Connection Management 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 reassuring customers. There are also 1,500 after-sales service staff and a 24-hour customer service center in the Group 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 convenience stores. Moreover, 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.

There is also a disparity in the density of AED installations between urban and rural areas, with a general lack of emergency resources in rural areas. Due to longer ambulance transportation times, the chances of survival for sudden cardiac arrest in rural areas are significantly lower compared to 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 over a decade 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 to purchase daily necessities or do 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. Furthermore, international electronic brands, taking advantage of their capital strength, have entered Taiwan to aggressively disrupt the market. Under these impacts, e-commerce websites, unless they have been 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 various marketing 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.

## **12. Smart Construction Site Management Platform**

#### Industry status and development

Urban development has resulted in an increase in land development projects. According to statistics from the Construction and Planning Agency until September 2023, there are currently 1,229 ongoing construction projects and 2,093 high-rise buildings in Taiwan. Additionally, there are renovations underway for public infrastructure, including road widening, slope remediation, and bridge repairs. Managing a large number of workers and different types of construction sites becomes challenging in the face of rising labor costs and limited manpower. Therefore, leveraging AI-powered IoT technologies to manage multiple construction sites and prevent construction hazards (such as accidents, theft incidents, adverse weather conditions, and human errors) is becoming an essential solution urgently needed by construction industry stakeholders.

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

The hardware equipment for smart construction sites includes surveillance cameras, panel display devices, access control devices, face recognition machines, alarms, Wi-Fi devices, and detection equipment (measuring rainwater, humidity, temperature, air quality, noise, wind speed, and CO<sub>2</sub>). The software requires a development and design operator for the management

platform, and finally, a contractor is needed to integrate all the hardware at the construction site. From the above perspective, smart construction sites necessitate an integrated service and rely on service integrators like Taiwan Secom, who can autonomously gather diverse product requirements.

#### Development trends and competition of products

In response to the potential noise and environmental hazards associated with construction projects, government agencies recognize the necessity of enhancing the quality and safety of construction site environments. Hence, they have introduced mechanisms such as the Excellent Construction Project Selection and Smart Building Label to promote these objectives. The automation of smart construction sites generates environmental data through sensor fields, while AI image recognition autonomously identifies personnel and vehicle movements to deploy area security management systems. By consolidating information from multiple sites on a single platform, it meets the needs of construction site owners to autonomously manage their environments, facilitating the transition of enterprises towards creating a friendly work environment and sustainable businesses.

Government agencies have now included smart construction sites as one of the criteria for Excellent Construction. Hiring manpower has become even more challenging due to the current labor shortage. Moreover, construction companies may have sites located in the north, central, and south of Taiwan, highlighting the importance for management units to promptly monitor the status of each construction site. Companies that utilize technologies such as IoT, AI image recognition, monitoring systems, big data, and 5G play a crucial role in helping construction companies tackle multi-site management and reduce the need for manual labor allocation. Only a comprehensive all-in-one solution can effectively meet the demands of construction site management.

### **13. Smart Aerial Unmanned Vehicles (Drones)**

#### Industry status and development

According to Drone Industry Insights (Droneii), a renowned international drone industry analysis company, the global drone market is expected to reach a value of US\$54.6 billion by 2030. Drones are essential tools for commercial, governmental, and consumer applications, with uses spanning various fields such as construction, agriculture, disaster relief, logistics, and energy/industrial inspections. Apart from advancements in drone vehicle technology, there is also an expansion into swarm drone collaboration, combining sensors, AI software, and edge computing.

In terms of policy, the Executive Yuan includes the development of the drone industry as one of the Six Core Strategic Industries. Recently, the Industrial Technology Research Institute has

established the Fuel Cell and UAV Integration Alliance, which integrates investments in fuel cell materials, system integration, data communication, and UAV applications. This initiative aims to overcome the limitations of power supply for UAV. Additionally, the Chinese Academy of Sciences established the “Asia UAV AI Innovation Application R&D Center” and the “Minxiong Aerospace Park” as large-scale testing and development sites for UAV carriers. In accordance with the guidance of the Executive Yuan, the Ministry of Economic Affairs has established the UAS Industry Development Program Office. This office brings together resources from industry, government, and academia to facilitate the comprehensive development of the drone industry. It serves as a hub for innovation research and development, production manufacturing, and flight testing, fostering a thriving ecosystem for the drone industry and spearheading a novel commercial model for convenient living.

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

The upstream of the drone industry supply chain consists of components related to drones (radar, chip manufacturing, engines, and materials for the drone body). The midstream involves the assembly of these components to manufacture drones, while the downstream involves the application of integrated circuits (IC) in various sectors (military, agriculture, logistics, and energy).

#### Development trends and competition of products

Drones are characterized by their lightweight, fully automated nature, and ability to carry payloads. They are widely used for functions such as real-time image capture and analysis, security and surveillance patrols, facility inspections, environmental monitoring, spatial information mapping, cargo transportation, broadcasting alerts, disaster prevention, etc. The advantages of drones lie in their ability to rapidly reach remote or inaccessible locations, thereby reducing fuel and time costs. Moreover, they can collect data efficiently, leading to the optimization of service processes.

In the past, Chinese-made drone companies dominated the market, and key components such as flight control chips for Taiwanese drones were often sourced from China. However, due to national security considerations, regulations have been imposed prohibiting the procurement of Chinese-made drones. This has created new opportunities for Taiwanese drone manufacturers. Additionally, the development of 5G applications and AIoT has accelerated the realization of innovative applications for drones made in Taiwan.

## **14. Smart Charging Station System**

#### Industry status and development

In response to Taiwan's pathway to net-zero emissions in 2050, strategies such as City Buses and Government Cars Fully Electrified by 2030 and Targeting 100% Market Share of EVs and Electric Scooters by 2040 are required. Likewise, the market has demonstrated a clear trend of increasing electric vehicle adoption. According to the statistics from the Ministry of Transportation, the issuance of electric vehicle license plates has increased by 1.5 times from 16,106 in 2022 to 24,706 in 2023.

With the increasing number of electric vehicles, there is a need to further expand the quantity of charging stations to meet the growing electricity demand of electric vehicle owners. According to the International Energy Agency, the optimal ratio of charging stations to electric vehicles (EVs) in a region is 3:1. However, the installation of charging stations has not kept pace with the production speed of EVs. In recent years, due to the urgent demand for mileage, there has been an expansion of fast-charging stations in public areas. As a result, the Ministry of Transportation plans to allocate NT\$1.12 billion to subsidize the construction of public EV charging stations by local governments and government agencies. Each public agency will install 4,000 slow-charging stations and 400 fast-charging stations, with subsidies of NT\$80,000 per slow-charging station and NT\$2 million per fast-charging station, respectively, based on the initiatives of each city and county

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

The charging station supply chain is divided into upstream hardware manufacturers (charging modules, transformers, charging stations, charging plugs, charging cables) and software developers (energy management platform systems). The midstream to downstream includes installation service providers and operators, mainly involved in site planning, management, maintenance, and operation, with the operation being the core of the charging industry.

#### Development trends and competition of products

The current insufficient number of charging stations may deter people from purchasing electric vehicles due to range anxiety. Therefore, expanding denser charging infrastructure and supporting high-power fast-charging stations are ways to increase the adoption of electric vehicles. Thus, the government has gradually started subsidizing the installation of charging stations.

Due to the immature regulations in Taiwan, the amendment to the Condominium Administration Act Building Administration Division that says “owners of electric vehicles should not be prevented from installing charging piles without a justifiable reason” regarding the installation of charging stations in communities is currently being promoted by the National Land Management Agency, Ministry of the Interior. The main focus is on preventing car owners from illegally tapping into power lines, which could lead to electrical fires. Deputy Director Tsai Hsu-

Liang of the Taiwan Power Company's Distribution Department also proposed the installation of a dedicated electric meter for a single unit on each floor, which can be expanded to accommodate multiple charging stations. This ensures that the wiring remains organized and safe. Therefore, it is necessary to hire professional electrical contractors to install complete wiring systems in public areas with multiple parking spaces to ensure safety.

Currently, the valuable charging pile model combines charging stations with renewable energy and energy storage, thereby increasing the use of green electricity sources, such as solar power, to achieve carbon reduction. Charging operators enhance their corporate image through decarbonization. Additionally, the energy management platform adopts time-of-use electricity pricing to avoid peak charging periods and maximize flexible benefits opportunities.

## 15. Smart Energy Storage System

### Industry status and development

The National Development Council has unveiled Taiwan's pathway to net-zero emissions in 2050. By 2030, an investment of approximately NT\$207.8 billion will be allocated to the development of smart grids and energy storage systems. Currently, numerous companies in Taiwan have joined the RE100 (international Initiative to commit to 100% renewable energy). However, due to the mismatch between the generation and consumption times of wind and solar power, energy storage is essential in the journey towards net-zero emissions. It enables the utilization of solar power during the night and wind power during the day. Furthermore, under the terms for large electricity users, it is permitted for them to install energy storage systems to meet legal requirements. However, according to the statistics from the implementation plans submitted by large electricity users in March 2022, only 3.4% of them proposed to install energy storage, showing that the development of energy storage systems is still pending.

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

The supply chain of smart energy storage systems consists of upstream hardware equipment manufacturers (battery cells, casings, systems); midstream assemblers, packagers, and panel manufacturers; and downstream integrators and distributors.

### Development trends and competition of products

The development of grid-level energy storage is currently a key focus in Taiwan. Taipower aims to achieve a capacity of 1000MW for energy storage by 2025, with 160MW being built by Taipower itself and the remaining capacity being constructed by private sector companies. Also, experts have highlighted that energy storage systems can promptly detect frequency fluctuations in the power grid, as demonstrated during the significant blackout on March 3, 2022, and rapidly restore power. Energy storage systems have emerged as a crucial resource for emergency power

dispatch.

#### 5-1-3 Research and Development:

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

2023	118,886 NT\$ thousand
As of the printing date of this annual report (2024)	31,758 NT\$ thousand
Projected R&D expenses in 2024	146,634 NT\$ thousand

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

###### **I. Self-developed main units and sensors**

###### **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 future development of IoT devices will prioritize the monitoring of environmental conditions, including climate, air quality, and energy usage, providing smarter, sustainable, and environmentally friendly solutions. For example, there are temperature and humidity detectors that safeguard the quality of home life, along with indoor air quality detectors. The following are the primary areas for the development of wireless equipment:

Reducing wireless transmission power consumption: To meet the demands of long-term operation, we have incorporated Secom's proprietary communication algorithms into the self-developed Zigbee and RF equipment. This minimizes unnecessary communication handshakes with the host, ensuring more stable signal transmission. Additionally, it fulfills the power-saving requirements of IoT products.

AI-integrated imaging equipment: By integrating AI into imaging devices, IoT devices can smartly process and analyze data through image analysis, providing more valuable information.

Security and privacy: As the number of connected devices continues to grow, ensuring the security and privacy of data has become a critical concern. Hence, the development's main focus is on creating a comprehensive mechanism to prevent potential attacks and data leaks.

###### **B. Development of My Vita V4 main units**

Based on the experience of Secom's service in IoT over the past few years, in addition to providing general customers with a smart and safe home environment, Secom has

also incorporated disaster prevention and expanded applications for personal health management based on valuable feedback from users regarding system usage requirements. Given the ongoing and rapid development of the IoT market. The widespread adoption and expanding scope of 5G and other communication technologies have led to the emergence of more connected devices, offering a wider range of application scenarios for IoT main units. Meanwhile, the growing concern for data privacy and security has also prompted the further optimization of Internet of Things IoT main units solutions. The main areas of improvement for V4 main units development are as follows:

- Providing versatile exterior designs suitable for both residential and commercial settings, closely tailored to integrate with the ambiance of client spaces.
- Considering Incorporating different environmental styles in main unit design
- Form for long-term product placement
- Convenient cable management after installation

In order to offer customers more comprehensive services, we are integrating additional peripheral systems and equipment to improve server computing performance and memory capacity. This is in response to the growing demand for a wider range of application scenarios resulting from the increasing number of connected devices. Additionally, it strengthens the information security measures for data privacy and security.

Strengthening antenna design to ensure system communication quality is a crucial aspect of IoT device product design. In accordance with legal regulations for transmission power, the antenna design can be optimized through directional alignment to effectively enhance its transmitting and receiving capabilities, while ensuring communication stability.

The optimization of the communication protocol for endpoint devices and Gateway wireless transmission aims to reduce unnecessary communication frequency between devices and hosts while maintaining security and normal system operation. Furthermore, it aims to minimize the packet volume required for essential communication, thereby prolonging the device's battery life and enhancing system stability.

## **II. Integration of the MiniBond Fleet Management System with in-vehicle DVR devices**

Due to the frequent occurrence of traffic incidents, in-vehicle DVR devices have become an essential tool for drivers. They clarify responsibility attribution between the parties involved in vehicle accidents and enhance driving assistance vision. By installing in-vehicle DVR, the goal of reducing vehicle accidents can be achieved, ensuring compliance with regulations and improving safety.

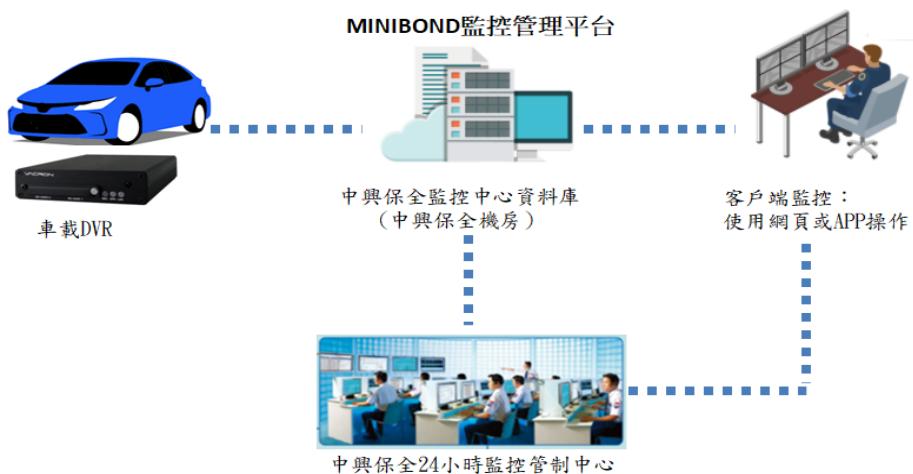
**Law and regulation:** In response to the amendment of Article 18-1 of the Road Traffic Management Penalty Act on January 20, 2021, a new provision has been added to impose penalties for violations related to the installation of driving vision assistance systems. This provision will take effect on June 1, 2021. Failure to install the required driving recorders and driving vision assistance systems for large passenger and freight vehicles will result in a fine ranging from NT\$12,000 to NT\$24,000 for the vehicle owner.

**Safety:** The driving vision assistance system's screen provides a clear view of blind spots that cannot be seen from the driver's seat through the rearview mirror. Therefore, vehicles are equipped with driving vision assistance systems, in addition to existing indirect vision devices such as rearview mirrors, to eliminate blind spots while driving. The driving vision assistance system also serves as crucial evidence for investigating accidents and reconstructing the truth.

In-vehicle DVRs not only capture video data but also provide location data. This data is digitized and stored in both the in-vehicle DVR and the cloud data center, ensuring data integrity and easy retrieval. Users can access video data directly from the SD card in the car-mounted DVR or retrieve both location and video data in real time from the cloud data center via the internet.

Taiwan Secom has developed a platform system for in-vehicle DVRs. The schematic diagram of the system architecture is displayed below. This system integrates compliant in-vehicle DVR devices on the vehicle end, while the cloud can store a year's worth of location information or video data (with options for storing 3 days/7 days/15 days/30 days), addressing customers' concerns regarding data storage.

System architecture diagram



	MINIBOND Monitoring and Management Platform	
In-vehicle DVR	Taiwan Secom control center database (Taiwan Secom computer center)	Monitoring feature for clients: Via webpages or apps
	Secom 24-hour monitoring and control center	

The backend fleet management system can fulfill the user's operational requirements by integrating the functions of the in-vehicle DVR. The main components of this system are as follows:

- (1) In-vehicle DVR (terminal device): Installed in vehicles, it provides relevant data such as video footage, location, vehicle speed, etc.
- (2) MiniBond monitoring and management platform: In addition to GPS fleet management functions for positioning, it provides information on abrupt acceleration, abrupt deceleration, sharp turns, speeding, idling, etc. This facilitates fleet operators in managing their fleet, enabling them to understand and analyze whether drivers exhibit abnormal driving behaviors. Through GPS satellite positioning technology, real-time movements of each vehicle are constantly transmitted, indicating normal driving, speeding, idling, or loss of connection, all of which are marked with different colors on the management interface, allowing management personnel to identify vehicle statuses easily and intuitively for immediate response. Managers can customize the operational time interval and access important information, including the current latitude and longitude, vehicle speed, engine speed, and driving trajectory. They can also utilize the driver attendance sheet to retrieve details such as departure and return times, driving speed, number of engine shutdowns, and accumulated mileage, conveniently accessing essential information and efficiently monitoring the fleet's status for effective management.

- (3) Taiwan Secom control center: Integrated with the 24-hour control center of Taiwan Secom, MiniBond implements round-the-clock abnormal monitoring. In case of abnormal signals such as power disconnection, digital alerts are instantly uploaded to the Taiwan Secom control center, with simultaneous notification to the client. Alternatively, clients can contact the control center at any time to report issues, upon which the control center will liaise with Secom's after-sales Division to address subsequent customer concerns.
- (4) Monitoring feature for clients: Clients can connect to MiniBond's monitoring management platform using a computer browser or mobile app, allowing managers to stay informed about the current status of the fleet.

### **III. Taiwan Secom Cloud Intercom System**

With the rapid advancement of technology, life has become more accessible than ever before. The term “smart home” refers to the use of advanced technology and automation to connect various devices, systems, and facilities in a residential environment through the Internet, thereby enhancing the quality of life, safety, energy efficiency, and convenience of living spaces. Intercom systems play a vital role in smart homes, providing a diverse range of functions. Alongside basic audio and video intercom capabilities, they are seamlessly integrated with smart home control and property management systems, among others. Through the integration of cloud technology, users can conveniently operate these systems remotely, enhancing residential safety and convenience.

Taiwan Secom has a long-standing commitment to constructing smart homes, backed by years of experience in developing various types of network security monitoring systems and smart home intercom systems. The Taiwan Secom Smart Intercom System revolutionizes the current framework by replacing traditional indoor intercoms and eliminating the need for complex wiring. In addition to utilizing Bluetooth, cards, passwords, and facial recognition to grant access through existing access control intercoms, users can conveniently open doors via a mobile app. Even when users are away from home, they can instantly monitor visitors through on-site cameras.

The Smart Intercom System,(Cloud Intercom) is divided into three sections, with each section's devices connected through the internet. The following hardware devices can be paired with each section:

- A. Public area
  - (1) Community entry intercom
  - (2) Public (emergency) intercom

(3) Admin unit

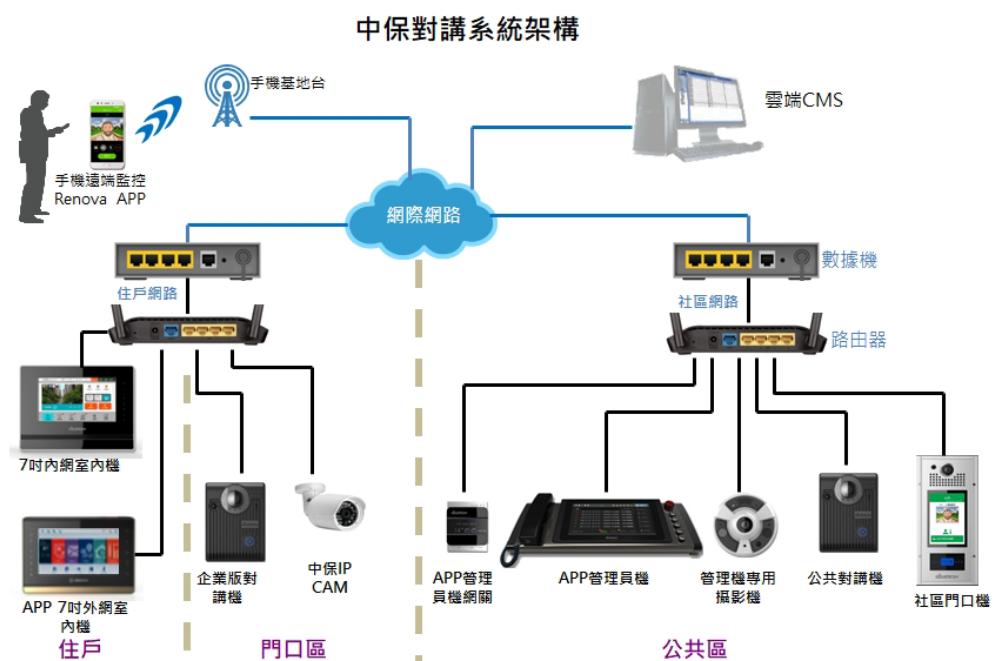
B. Entrance area

(1) Small door phone

C. Residential area

(1) LAN/WAN indoor unit

System architecture diagram



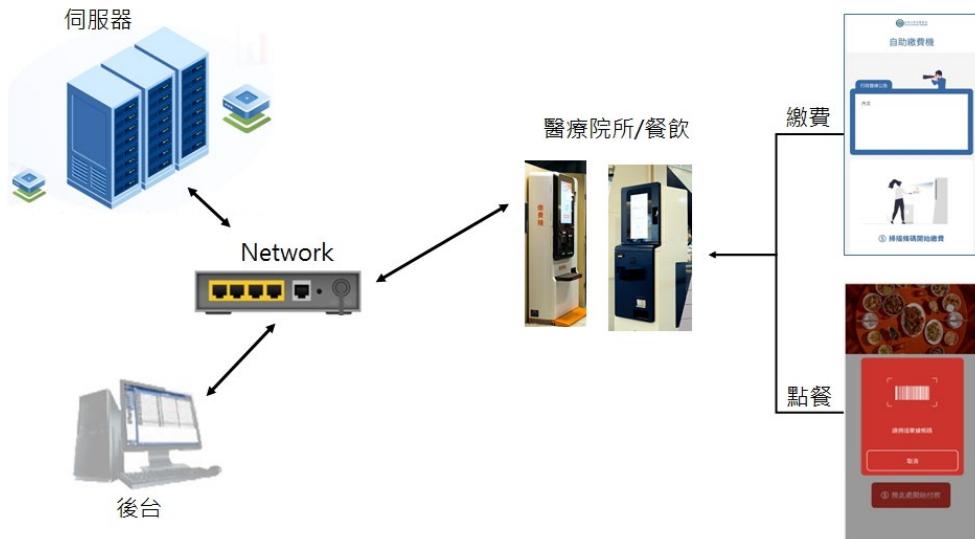
#### **IV. Leebao self-service payment kiosk**

With the rapid advancement of technology, cross-application platform devices, and integrated information techniques, Interactive information kiosks have emerged as a new form of business and exhibition interactive applications. Interactive designs have formed a new type of value proposition based on multimedia interactive platforms and combined with various specialized technologies. A kiosk refers to an interactive multimedia machine that primarily provides users with a broader range of functions through touch panel operation, enabling self-service access to various services.

The current operation model of the self-service payment machine market often involves vendors providing self-service payment machines along with customers handling their maintenance and replenishment. While this approach solves revenue management efficiency issues and streamlines manpower, it also brings about several problems. For instance, there are security concerns with self-handling of maintenance and replenishment, as well as delays in repair leading to machine downtime or other issues. To address these challenges, Leebao provides a one-stop kiosk integration service, offering self-checkout equipment and comprehensive cash flow transportation and consolidation services. This solution fills the gaps in the current operation of the payment machine market.

Liberty's one-stop service offers the following integrated service items: Kiosk machine equipment, cash flow integration, provision of backend reports and machine error notifications, water level monitoring, daily reconciliation and remittance. In addition, it provides the most timely and professional service items: manpower replenishment service, real-time maintenance service (country-wide response time), and security monitoring equipment. This service spans across the medical and catering industries by integrating the hospital's HIS system with the merchant's POS system for ordering and payment.

System architecture diagram



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

##### I. Future R&D plans:

Item	Name of Plan
1	New Features of the MiniBond Fleet Management System (video camera, tire pressure, alcohol test, ADAS, DMS)
2	Integration of AI Camera Equipment and Recognition Analysis Platform
3	Access Control Door Intercoms (with touchscreen)
4	My Vita Main Units and Sensors

##### II. Recent annual R&D plans, current status of ongoing R&D plans, required additional R&D expenses, anticipated time for mass production, and factors that will impact future R&D success

Plan item	Current status of ongoing R&D plan	Required additional R&D expense	Anticipated time for mass production	Factors that will impact future R&D success
Upgrade of hardware for in-vehicle video system (4CH)	● Development stage	300	2024/04	<p>The functions and technical specifications have been confirmed, and quality control has completed the product functionality verification stage, currently in progress:</p> <ol style="list-style-type: none"> <li>1. Aion TODO sales process development, equipment data integration</li> <li>2. NCC/VSCC certification</li> </ol> <p>Development risk is low.</p>
Video integration	● Development stage	None	2024/03	The basic functions and technical

Plan item	Current status of ongoing R&D plan	Required additional R&D expense	Anticipated time for mass production	Factors that will impact future R&D success
project				specifications have been confirmed. Development risk is low.
Access control door intercoms (with touchscreen)	● Specification Function Planning Phase	1,600	2024/10	Functions and technical specifications have been mostly confirmed. Development risk is low. However, the appl has numerous functions and a wide array of features, resulting in an extended development timeline.
Development of My Vita V4 main units	● Testing stage	0	2024/04	Functions and technical specifications have been confirmed. Development risk is low.
Development of My Vita AQS air quality sensor	● Testing stage	0	2024/04	Functions and technical specifications have been confirmed. Development risk is low.

## 1. IoT Security Control System

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

- Developing based on the existing product architecture, we move away from the mindset of a pure security system and expand the application of non-anti-theft aspects to commercial customers. For instance, we provide features like regular photo reporting for electronic patrols, multi-level authorization, and privacy design for secure solutions in rental spaces. We also offer a cloud-based map control platform for managing multiple locations and remote image backup (cloud storage) services, reducing the time and risk involved in developing new products and quickly entering the market to seize feedback and business opportunities.
- Collaborate with cross-industry enterprises, including wearable technology companies, real estate agencies, insurance companies, telecommunications providers, 3C retailers, and life insurance companies, etc. Our collaboration involves various mutually beneficial activities such as technology exchange, loyalty rewards, gift exchanges, and advertising swaps. By doing so, we provide valuable content to customers of both parties, reach different segmented markets, and increase product visibility, creating a mutually beneficial ecosystem!
- Participate in large-scale exhibitions and symposiums both domestically and internationally, such as CES, the largest international consumer electronics exhibition in the United States, as well as Smart Cities and Security Expos, etc. This allows us to enhance our interaction with industry players and consumers, gaining valuable insights into the application of new technologies, market trends, and opportunities for

technological collaboration.

- In order to integrate internal corporate data and improve the effectiveness of digital transformation, we have established a dedicated unit known as the CRM Project Office. We are currently implementing the Salesforce system and the POI mapping system (multiple patents applied), which combine internal development information with relevant public data to explore potential business opportunities in the region. We are adopting data-driven decision-making to enhance the efficiency of sales development process management, thereby promoting the effectiveness of potential customer development across Taiwan and gaining a competitive edge in the market.

(2) Long-term business development plans

- Continuously introduce the Salesforce CRM system and integrate it in stages with our internal ERP systems, Power BI, My Vita cloud servers, and other big data platforms, allowing us to visualize the collected behavioral data, further analyze customer usage patterns, understand the product dependency of customers in various industries, and promote the extension of related additional services. This approach enables more structured sales development (data-driven decision-making), with the aim of increasing the value of revenue contribution from each customer.
- Continue to focus on “wireless connectivity and cloud-based analytics” as our core strategy, expanding customer experiences, and moving away from siloed thinking. We are actively seeking more smart solution developers and brand partners to integrate diverse products into the My Vita product ecosystem, providing customers with a wider range of smart control options.

2. Digital Surveillance System

(1) Short-term business development plans

- Smart video management

Through high-resolution and multi-angle cameras, a large volume of urban road information is continuously collected around the clock and fed into the smart video management video platform. The platform systematically and visually presents meaningful insights based on different data types such as pedestrian and vehicular traffic, facilitating management, analysis, and decision-making. It also allows for interactive control, integrating features like warning monitoring, real-time information monitoring, and alarm monitoring. Internally, this system assists relevant personnel in operational monitoring, smart governance, and decision support within the city. Externally, it serves as a conduit for operational and performance data disclosure, promoting data exchange and utilization to enhance urban operational efficiency.

- Management of security area protection

The electronic fencing system is installed in designated security areas, where surveillance cameras utilize image analysis mode to accurately analyze human forms and directional patterns based on the specific attributes of the area. When the system detects behaviors indicating unauthorized entry into the area (such as individuals scaling walls, approaching bodies of water, or unlawfully accessing rooftops, equipment rooms, or staircases), it triggers an alarm. Simultaneous monitoring by surveillance cameras coupled with infrared detection helps reduce false alarm rates and resolves issues related to the inability to install infrared zones in certain areas.

## (2) Long-term business development plans

- Smart pole

The smart pole integrates multiple devices using the same power supply and pole, while utilizing 4G/5G wireless communication as the backbone, reducing the need for excavation work. The pole equipment comprises cameras, Wi-Fi boxes, air quality boxes, and various types of smart sensors. It utilizes AI cameras to recognize license plates, detect pedestrian violations, monitor the environment, and analyze real-time traffic flow and vehicle types. This solution helps alleviate traffic congestion and also enhances Wi-Fi coverage.

- Drone surveillance

Drones offer high flexibility, providing a superior field of view and being less susceptible to the effects of the natural environment and terrain. Their monitoring range is significantly broader compared to fixed surveillance devices. Also, drones can carry a range of surveillance devices, operate without restrictions on time or location, and have automation capabilities. Taiwan Secom's drones are extensively utilized for a range of purposes, such as regional patrols, delivering disaster relief, conducting field inspections, transporting materials, monitoring airspace, and inspecting railway tracks. In the future, they will also have the capability to perform AI-based facial recognition for rescue operations.

## 3. Video Intercom System

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

- 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 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 Vehicle Management System

(1) Short-term business development plans

- Improvement of the MiniBond cloud fleet management platform and app features
- MiniBond video vehicle cloud storage management

(2) Long-term business development plans

- MiniBond vehicle positioning combined with ADAS
- Development of DMS and LDWS
- Integration of MiniBond vehicle unit group positioning with alcohol detection and other physiological measurement services

5. Fire Prevention System

(1) Short-term business development plans

- 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

- To enhance fire prevention facilities, actively engage in the planning and design of various engineering projects (science park, logistics park, corporate office)

6. Access Control and Attendance System

(1) Short-term business development plans

- 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.

- License plate recognition is now a well-established product for vehicle access control. Although the Web access control system has integrated the e Tag system, it has not yet integrated license plate recognition. It will be developed and integrated to meet the market demand for mixed-use once it is completed.
- The development and integration of a domestically-made facial recognition system (including temperature measurement) in biotechnology products have been completed this year. This addresses the issue of procurement requirements in public agencies, paving the way for broader access to government workplace channels.
- The frequency of hacker attacks has increased, necessitating the integration of access control software (backup mechanism, load balancer, and firewall) to prevent unauthorized 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 plans

- 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

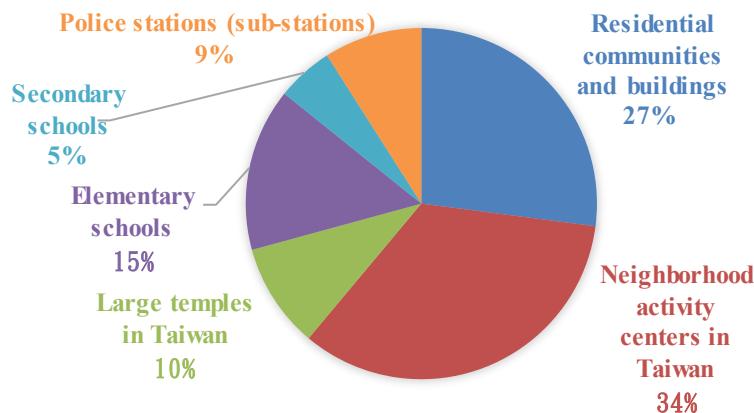
8. AED Life Security Integration Service

(1) Short-term business development plans

- Expand into new markets and customer base:
  - 1) In May 2023, The Department of Medical Affairs of the Ministry of Health and Welfare issued new regulations concerning the installation of Automated

External Defibrillators (AEDs). According to the revision, there should be 10 major public places equipped with AEDs .

2) Estimated new market share:



Police station (sub-station)	Residential communities and buildings	Neighborhood activity centers in Taiwan
Secondary schools	Elementary schools	Large temples in Taiwan

3) Promotion of the CPR+AED hybrid education and training program:

In the post-pandemic era, there has been a change in the public's perception of learning patterns. The integration of virtual and physical learning, as well as segmented learning, has become a trend in recent years. Through online videos of 5-10 minutes per chapter, customers can learn more easily and focus on specific topics. Additionally, this approach offers advantages such as flexible scheduling, location independence, and standardized content. During in-person courses, instructors can reduce teaching time and concentrate the curriculum on the practical operations and issues faced by the students. Hybrid education is expected to enable more people to learn CPR+AED rescue skills.

(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 plans

- 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 smart business office functions.
- Pet/Elderly/Children care services.
- More cash flow applications.

## 10. New Retail E-commerce Service

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

- 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.
- Optimize and upgrade platform functionality and experience. Incorporate product recommendations through AI, and the goal is to extend the time customers stay on 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 plans

- 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, 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.

## 12. Smart Construction Site Management Platform

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

- Document and drawings management

In addition to personnel, equipment safety, and site environmental management, engineering progress, and document management should also be covered. Therefore, the integration of documents and drawings management encompasses all construction site information such as construction drawings, equipment and material drawings, and design documents, facilitating the consolidation of construction site information. Particularly, document review enables tracking of construction progress,

allowing timely submission of documents to construction review authorities to avoid fines for late submissions.

- Tidal water level detection

Continuous monitoring of water levels in both inner and outer observation wells is crucial for construction sites in coastal areas. Utilizing new technology, simultaneous monitoring of multiple observation wells' water levels is enabled. This integrated approach allows for a comprehensive assessment and alerts by incorporating excavation areas, significantly reducing costs associated with manual monitoring and recording.

## (2) Long-term business development plans

- Land survey Equipment

Combining an inclinometer and a spirit level ensures the safety of construction site structures, preventing damage to surrounding buildings during foundation construction.

- Smart engineering safety platform

By utilizing a comprehensive smart safety helmet equipped with features such as body temperature sensing, heart rate detection, an SOS emergency button, real-time photography, a broadcasting system, and headlight illumination, personnel can now use the mobile gas detector even in enclosed spaces like underground areas, boxes, and tunnels. In the event of abnormal environmental gas levels, the smart safety helmet will activate the broadcasting system to alert the construction personnel to evacuate and simultaneously report to the management personnel.

## 13. Smart Aerial Unmanned Vehicles (Drones)

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

- Drones for fire fighting

Shezi Island, with its sole transportation route and limited access to disaster relief water sources, has experienced a total of 44 fires from 2020 to April 2022. These incidents have led to property losses of NT\$8.82 million, as fire trucks face challenges in reaching the island for rescue operations. Hence, Taiwan Secom has launched drone disaster relief operations, equipped with GPS systems and coordinate points to precisely dispatch drones to survey the terrain and water sources of disaster areas. They hover in the air to provide real-time disaster imagery, allowing personnel to understand the site and road conditions before disaster relief efforts and plan rescue routes in advance. Furthermore, the utilization of thermal imaging cameras enables the provision of thermal distribution images, ensuring the personal safety of firefighters during rescue operations. In the future, the integration of AI humanoid

recognition cameras will be possible to aid in identifying individuals and employ image recognition to save lives during rescue operations.

- **Disaster Management**

Drones can conduct pre-disaster inspections, such as slope inspections, hydrological monitoring, and disaster reporting. They can provide early warning information for disaster-prone areas and implement measures to mitigate the occurrence of disasters. For instance, prior to the arrival of a typhoon, drones can inspect flood-prone areas to promptly identify any debris or unauthorized vehicles obstructing drainage holes. They can also survey areas susceptible to landslides and fault zones for potential rock and soil collapses, and take proactive steps to stabilize slopes and prevent soil erosion. Most importantly, drone patrols can arrive at the scene immediately after a disaster occurs, enhancing response efficiency through imagery and on-site information.

- **Smart security**

Drones autonomously patrol predetermined routes, actively identifying any unusual movements of individuals and vehicles, tracking them in real-time, and issuing alerts to effectively prevent intrusions. They are seamlessly integrated with ground cameras and a central control system, forming a comprehensive security network. This technology is utilized to address the fixed inspection requirements of expansive areas, (factories, dams, bridges, power plants, hazardous zones, transportation systems, and public facilities). It greatly enhances security efficiency and reduces risk costs.

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

- **Smart detection**

AI is used to conduct deep learning and training on data from various fields, allowing for real-time identification of abnormal locations and alerts without the need to wait for data to be analyzed. This technology can be applied to pipeline inspections, bridge inspections, and inspections of wind turbines or solar panels. Engineering personnel can swiftly and accurately detect and repair abnormal areas, thereby preventing accidents. Additionally, it can be equipped with a thermal imager to detect temperature anomalies. When combined with the fully automated inspection function, it becomes the optimal detection solution for intelligence and automation.

- **Mapping and modeling**

In order to meet specific mapping requirements, the drone is equipped with either a high-resolution camera or an oblique camera. The camera is integrated with an RTK module to achieve precise positioning at the centimeter level. Users can effortlessly carry out automated flight and imaging tasks through a user-friendly interface. The drone will automatically upload geographic information data to the cloud for 3D modeling operations. The application scenarios for this drone include terrain

monitoring, mapping, construction, and building information modeling (BIM).

- Transportation and logistics

Drones have excellent stability and load capacity, making them well-suited for transporting time-sensitive or high-value goods, including food, fresh produce, and medical supplies.

## 14. Smart Charging Station System

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

- Public place

To meet the growing demand for electric vehicles in public areas, we propose integrating charging station equipment with an energy management platform. This solution involves installing charging stations in existing parking lots and using the platform to help property owners control electricity usage and stay within their contracted amount. The solution applies to a wide range of parking areas, including residential communities, public parking lots, office buildings, and commercial premises.

- Private area

The charging station is connected to the Taipower electric meter, enabling homeowners to charge their vehicles in their personal spaces. This solution is generally suitable for low-volume charging station requirements, eliminating the need for an additional energy management platform.

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

- Fast-charging station

The establishment of fast-charging stations enables electric vehicles to fully charge within 30 minutes to 1 hour, thereby reducing charging waiting time and improving the efficiency of charging station utilization.

## 15. Smart Energy Storage System

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

- New building area

In response to the expected annual increase in electricity prices by Taipower in the future, we offer a residential energy storage system. This allows households to store electricity during off-peak hours, reduce electricity consumption during peak hours, and save on household electricity bills. For construction companies, it can also be an additional selling point to increase property value.

- Individual townhouse

Offer a residential energy storage system that allows households to store electricity during off-peak hours, reduce electricity consumption during peak hours, and save on household electricity bills. By combining rooftop solar photovoltaic systems, households can achieve self-sufficiency in electricity without relying on the Taipower grid.

(2) Long-term business development plans

- Existing public housing

The electricity consumption of public housing is affected by the number of residents. Many public housing units incur substantial monthly communal electricity expenses. By utilizing commercial-grade energy storage systems to store off-peak electricity from Taipower, which can then be used for the communal electricity needs when residents return home at night, the monthly communal electricity expenses per household can be significantly reduced.

## 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 250,000, 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, overviewing the Taiwan market, most of the demand for the 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, and customer relationship management (CRM). With an emphasis on IoT combined with cloud analysis, we are dedicated to creating tailor-made active care and personalized smart home services for each individual and creating a win-win situation for the Company and our 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 everchanging criminal tactics, in addition to the R&D center’s improved, well-developed, and smart 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.
- The Company has the technology capabilities of wireless transmission and integration which allow for tailormade planning for customers, and the equipment is also highly expandable, so the Company can help customers easily connect to smart mechanisms.
- 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 Japan helps keep us updated with the latest market trends.
- To make market development more efficient and reliable, we have developed a POI

mapping system that integrates real-time data sources including real estate transactions, business registration records, news updates, and disaster prevention events. This system enables frontline business professionals to stay updated on crucial information, thereby enhancing their development capabilities and contract efficiency.

(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 risk management has become more significant. The development strategies of new products focus on the monitoring of personal security status, risk alerts, and timely assistance for accidents.
- The greatest challenge of IoT services is the unpredictable threat of hacker attacks. Global cybersecurity management has emerged as a significant security concern for businesses. To enhance protection, Taiwan Secom and Chunghwa Telecom have collaborated to establish a cybersecurity company. This company integrates cybersecurity defense into the access control system, effectively mitigating concerns about unauthorized access and instilling a high level of trust among customers.
- As AI and edge computing continue to advance, competitors are increasingly globalized. More and more operators of cloud-based smart image recognition service platforms are expanding into the global market, offering SaaS (Software as a Service). To convert risks into opportunities, we aim to collaborate and leverage resources and advantages, thereby establishing a win-win operating model.

2. Digital Surveillance System

(1) Favorable factors

- Smart functionality is achieved through the use of AI recognition cameras that incorporate human characteristics, actions, and smart image recognition. The key advantages of AI cameras are their ability to engage in deep learning and enhance recognition capabilities by leveraging feedback from additional analytical data, leading to more accurate monitoring outcomes.
- In recent years, the security industry in Taiwan has benefited from the ban on mainland Chinese products imposed by the U.S. National Defense Authorization Act. Security companies have enhanced the integration of software and hardware, and are now offering intelligent management services through integrated systems. By capturing video data from surveillance cameras and processing it using backend systems, they can identify the specific requirements of various application scenarios and deliver suitable alerts and notifications.

(2) Unfavorable factors and countermeasures

- Data for smart monitoring is primarily collected through IoT devices and analyzed and stored using cloud technology. However, the integration of virtual and physical digital technology can be susceptible to cybersecurity threats, including hacking attacks and data breaches. To meet the demands of businesses, Taiwan Secom has introduced the Cybersecurity Consulting Service and established the Smart Technology Cybersecurity Testing Laboratory, which is certified by the Taiwan Accreditation Foundation (TAF). This one-stop service provides users with a convenient solution for AIoT device cybersecurity testing and certification. Moreover, the Company's cybersecurity services have received government certification, ensuring enhanced security for businesses in their cybersecurity management.

3. 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 **Fleet Management** 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 GPS 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 service 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
- 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. 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.

(2) Unfavorable factors and countermeasures

- 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 comprehensive search of HR systems and swiftly launch projects to develop an HR salary system by the end of 2024, aiming 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.

## 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. 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.

## 12. Smart Construction Site Management Platform

### (1) Favorable factors

- According to statistics, the number of fatalities from major occupational accidents in 2022 reached 320, an increase of 42 compared to the previous year. Among them, the construction and manufacturing industries accounted for 230 fatalities. This indicates that the increase in construction projects leads to a proliferation of workplace accidents. Consequently, there has been heightened attention to environmental and safety management at construction sites. Additionally, the transient nature of construction workers necessitates safety assurances. Smart construction site management platforms offer comprehensive measures for monitoring both personnel flow and safety, providing construction companies with more robust management mechanisms.

(2) Unfavorable factors and countermeasures

- Multiple AI technology companies are progressively developing smarter surveillance cameras to aid property owners in more efficient monitoring of construction sites and personnel control. As a service integrator, Taiwan Secom partners with various brands for hardware, while the Company's smart construction site management platform is independently developed and has a proven track record of collaboration with construction companies. It can tailor the management platform to meet customers' specific needs. In addition to modular basic configurations, it can also incorporate new features into the platform and hardware. Furthermore, the visual interface of the Taiwan Secom Smart Construction Site Platform enables management personnel to effortlessly monitor the status of each construction site at a glance.

13. Smart Aerial Unmanned Vehicles (Drones)

(1) Favorable factors

- Drones possess excellent maneuverability (flight speed of approximately 60km/h) and are highly safe. They can fly in a straight line without being hindered by traffic congestion, traffic lights, natural surroundings, or terrain. When performing duty monitoring tasks, drones utilize their unique altitude and perspective advantages to capture real-time on-site footage of unexpected environmental changes.
- Utilizing drones for various tasks can significantly reduce personnel and vehicle attendance time, as well as fuel costs. Moreover, when multiple drones are deployed and managed as a fleet, they can expand the flight range, cover a larger area, and prolong the loitering time. In comparison to human resources, drones can fulfill a much more substantial role.
- The drone has a long and stable working schedule. Once the system sets the mission path, the flight path and deployment time at the same location remain consistent regardless of day and night conditions.

(2) Unfavorable factors and countermeasures

- The flat nature of the images captured by drones limits their ability to identify object shapes from high altitudes. This limitation is especially noticeable at night when the captured images may be even less clear. Also, when drones encounter obstacles, the on-site conditions cannot be observed. To address these challenges, the drones used by Taiwan Secom are equipped with thermal imaging cameras. This enhancement improves their recognition capabilities and strengthens their disaster relief capabilities.
- Currently, drone flight paths are mostly pre-set. As a result, when a drone arrives at a scene for the first time, the flight may be less stable. To mitigate this issue, Taiwan Secom

establishes additional coordinates in the application area prior to the drone's deployment. This enables the drone to navigate with greater accuracy and speed, and also allows it to modify its original destination in response to unforeseen circumstances during the mission.

- The flight time of the drone payload is not long enough. To achieve longer flight durations, additional lithium batteries need to be carried. However, the weight of the batteries directly impacts the drone's flight time. Therefore, the selection of the drone model should be determined by the mission requirements.

## 14. Smart Charging Station System

### (1) Favorable factors

- Government subsidies: As a result of government investment and incentives for installing public charging stations, there has been a significant increase in the number of electric charging stations. This has led to a greater acceptance and use of electric vehicles.
- Taiwanese manufacturers are planning to introduce affordable electric vehicles in 2024, which is projected to generate billions of dollars in sales during the first half of the year. Consequently, there is an anticipated increase in the demand for charging stations.
- Electric vehicle expenses: The government provides subsidies for electric vehicles, exempting them from license taxes and fuel taxes until the end of 2025. Additionally, electric vehicles do not require frequent maintenance fees, unlike gasoline vehicles, which can save approximately NT\$16,000 for every 10,000 kilometers driven, resulting in an overall cost savings of NT\$45,000 compared to gasoline vehicles. Therefore, the low cost of electric vehicles (EVs) serves as a major incentive for people to purchase them.

### (2) Unfavorable factors and countermeasures

- High infrastructure setup costs: Installing EV charging stations in residential areas requires approval from the management committee. Further, installing dedicated electric meters for EV charging may require consent from residents, along with sharing the costs of public infrastructure. If a vehicle owner has a parking spot with mechanical installation, it can further complicate the process. Therefore, the high communication and setup costs may deter vehicle owners from proceeding. Chung-Pao Science and Technology offers a comprehensive charging pile installation service, streamlining communication and reducing costs by coordinating through a single point of contact. With extensive installation experience, we also provide 24-hour maintenance service, ensuring that the community can easily access the vendor for operation and maintenance after installation, giving them peace of mind.
- Operational services: In light of the government no longer providing free charging

services, owners of charging stations in public parking lots will require a management platform to handle financial management. However, the payment tools available on most platforms are limited, and the platforms themselves may not be sufficiently intuitive. Taiwan Secom offers a comprehensive energy management platform service that integrates various types of commonly found charging piles in the market and an app with a user-friendly interface for operating the charging piles. Moreover, it optimizes energy management and automatically adjusts the charging current to address the issue of contractual capacity in the field.

## 15. Smart Energy Storage System

### (1) Favorable factors

- The government provides subsidies to families for establishing energy storage systems, thereby encouraging the general public to install residential energy storage systems.
- The combination of renewable energy generation systems and energy storage systems enables the storage of electricity generated during the day for use during peak load periods in the morning and evening. This helps balance the power load by achieving peak shaving and valley filling. Meanwhile, energy can be stored at a lower electricity price during off-peak hours, which achieves electricity price equilibrium and addresses intermittent power supply issues while reducing electricity costs.

### (2) Unfavorable factors and countermeasures

- The regulations regarding commercial and residential energy storage are still unclear, leading to public concerns about potential hazards like battery fires that could endanger their safety and property. Hence, it is imperative for the government to continue offering incentives and implementing innovative operational models to foster the growth of energy storage applications. For instance, the government's subsidy program and the leasing model for energy storage equipment can significantly boost public interest and participation.

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

#### 1. Main Application of Major Products:

Major Service	Main Use
Electronic security system	Utilized communication network and computer equipment to complement professional electronic security equipment and personnel to maintain the safety of customers' lives and properties.

#### 2. Production procedure: production is 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 imports 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 years: 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	2023				2022			
	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	-	7,181,462	-	-	-	6,846,350	-	-
Income from static guard service	-	2,343,390	-	-	-	2,342,017	-	-
Income from cash-in-transit service	-	1,252,598	-	-	-	1,212,755	-	-
Income from logistics service	-	1,020,152	-	-	-	995,939	-	-
Income from F&B service		1,636,485				1,287,596		
Other operating income	-	3,639,890	-	-	-	2,672,788	-	-
Total	-	17,073,977	-	-	-	15,357,445	-	-

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

Year	2022	2023	As of March 31, 2024
Number of employees	Salespersons	523	522
	Service engineers	4,441	4,341
	Managers	344	378
	Technicians	883	924
	Research and Development Engineers	80	97
	Other personnel	2,666	2,779
	Total	8,937	9,041
	Average age	42.15	43.11
Average length of service		6.24	6.84
Academic qualification degree distribution %	Ph.D.	0.42	0.00
	Master's	7.02	7.12
	Bachelor's	59.45	59.55
	High school	26.85	28.19
	Below high school	6.26	5.14
			4.94

※ Source of information: 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 Cultural and Educational 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 (2023), the Company donated a total of NT\$19,100 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, with an eye towards fulfilling its corporate social responsibility.

### 5-5 Labor Relations

#### 5-5-1 Employee welfare measures:

1. Company:
  - (1) Salary: The Company continued to provide Dragon Boat Festival, Mid-Autumn Festival, and Spring Festival bonuses based on annual operational performance, in addition to profit sharing.
  - (2) Employee protection (insurance and occupational safety): In addition to mandatory labor insurance and health insurance, the Company fully covered the cost of providing group medical insurance for employees.
  - (3) Voluntary insurance: Provided low-premium Home Like a Rock insurance policy for employees and their dependents to participate in voluntarily, in order to increase the protection against financial risks for employees' families.

(4) Healthcare: Organized employee health checks and managers in accordance with the law. The headquarters building is equipped with a fitness center to provide employees with exercise and recreational activities. Provided on-site health services and promotion activities, and, to boot, the Neihu technology building provided professional massage services.

(5) Provide transportation allowance and free dormitories to alleviate employees' financial pressure and ensure their stability and safety.

Employee dormitory	Number of rooms	Maximum number of occupants	Actual number of occupants	Occupancy rate
2023	195	326	215	65.95%

2. Employee welfare committee:

- (1) Gifts/vouchers for birthday and three national festival holidays: there were 14,467 applicants, for a total amount of NT\$9,629,600.
- (2) Subsidies for wedding, childbirth, hospitalization, funeral and retirement: there were 217 applicants, for a total amount of NT\$3,134,909.
- (3) Group medical Insurance: 396 claims filed, for a total amount of NT\$10,719,916.
- (4) Scholarship and stipends for employees and their children: there were a total of 1,118 applications, for a total amount of NT\$1,813,000.
- (5) Subsidies for social activities: there were 3 applicants, filing a total amount of NT\$40,000.

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 retirement benefits paid to 26 retired employees under the old system this year is NT\$76,342,077. In 2022 and 2023, the expenses recognized for the defined-contribution plan were NT\$238,505 thousand and NT\$252,449 thousand, respectively.

Employee retirement system	Retirement allocation as a percentage of salary	
Labor Standards Act Old pension system	Employer:	Allocate monthly an amount equal to 5.5% of employees' monthly salaries and wages to a retirement trust fund at the Bank of Taiwan.
Labor Pension Act New pension system	Employer: Labor:	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. 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. ※ At present, the allocation is conducted according to the regulations.

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 54, 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 (28 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 companies' 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.

### **Occupational safety and health policy:**

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[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 five major occupational safety and health plans, including human factors, abnormal workload, workplace illegal infringements, maternity protection, and safety and health prevention for middle-aged and elderly workers. The 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, derrick 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 driving and construction work, the Company has formulated regulations on the management of hazards of working at heights (Chung-Hsing-Ren-Zi No. 109264 Notice), implemented the advocacy of hazard notification for high-altitude operations, over and above carrying out detailed inspections of ladders in accordance with Safety Inspection Key Points for Mobile Ladders and Folding Ladders. Regular maintenance checks are carried out on the safety performance of general vehicles in accordance with the Regulations for Safety Inspection of Machines and Equipment to ensure that all employees of the Company can use safe equipment for system installation operations and service status processing.

### Safety and health education training and advocacy in the past three years

Year	Number of education and training participants	Total hours of sessions
2021	876	2628
2022	1175	3525
2023	1449	4347

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

Year	Number of deaths	Number of work-related injuries leave days	Amount of condolence payment issued
2021	0	2121	61000
2022	0	1116	33000
2023	0	964	41000

2021	Traffic accidents	Falls	Other injuries	Total
During performance of duties	16	6	7	29
During commute to and from work	12	0	0	12
Total	28	6	7	41
2022	Traffic accidents	Falls	Other injuries	Total
During performance of duties	6	1	7	14
During commute to and from work	15	0	0	15
Total	21	1	7	29
2023	Traffic accidents	Falls	Other injuries	Total
During performance of duties	6	7	9	22
During commute to and from work	10	0	0	10
Total	16	7	9	32

Other injuries: cuts, bumps, bites, stabs, gunshots, falls, choking, sprains, etc.

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

The Company currently implements occupational safety and health management through an internal information management platform but has not yet obtained the occupational safety and health management system certifications (ISO45001、OHSAS、TOSMAS).

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 six 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 and Training Department is an independent department directly under the CEO Office, established with the aim of promptly responding 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 (sales, service, management, on-the-job reinforcement, innovation, talent grooming, managerial training, specialized fields). In response to the need for various job functions and in compliance with the Private Security Service Act and the Occupational Safety and Health Act, the training courses such as Sales Personnel and Service Engineers (SE) career training one-year development training for new employees, annual reinforcement training, annual reserve officer training, Secom Administrative Training 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 MyVita system, the Company integrates the application services in daily lives with the IoT. In addition to the basic training on security monitoring products, the Company continues to reinforce employees' basic knowledge of other professional fields such as smart disaster prevention, smart care

smart home control, smart energy saving and smart security products.

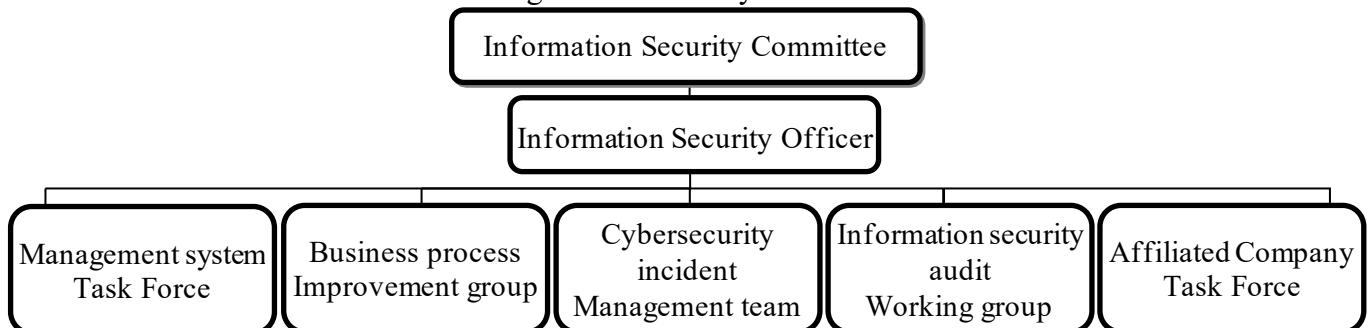
9. In order to improve the ability of the Company's employees in the design and planning of disaster prevention services, professional disaster prevention consultants are hired to conduct disaster prevention courses and cultivate colleagues to become disaster prevention management trainees.
10. Launched an AI Presentation Skills course to ride on the AI wave, inviting professional instructors to teach how to apply AI technology to create captivating presentations. A total of 33 departments, including the Information Office, General Affairs Department, Commercial Planning Office, Sales Department, Customer Service Department, Business Planning Department, and Affiliated Company, participated in the course to enhance the AI application capabilities of the Company's employees.
11. Introduced online audio-visual learning courses, such as 48 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.
12. Continuously optimize the education and training platform, Secom Elite Academy.

<http://school.secom.com.tw/>

## 5-6 Cybersecurity Management

### 5-6-1 Information security risk management

1. The Company's Chief Information Security Officer (CISO) has convened a cross-departmental Information Security Committee to oversee the implementation of the management system, with the cooperation of relevant business units, to ensure the effectiveness of the Company's information security management.
2. The Information Security Committee is responsible for formulating information security management policies and conducting annual reviews and revisions.
3. The Information Security Committee regularly holds information security meetings to review the implementation status and effectiveness of information security management measures. In addition, the committee reported the execution status to the board of directors on a regular basis each year.



## 5-6-2 Information security policy

### 1. Purpose

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.

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 have been achieved through the joint efforts of everyone in the Company.

- A. Protect the security of the Company’s business services and ensure that information can only be accessed by authorized personnel to ensure its confidentiality.
- B. Protect the security of the Company’s business services and prevent unauthorized modification to ensure their correctness and completeness.
- C. Establish the Company’s information security business continuity plan to ensure the continuous operation of the business services.
- D. The information services for various businesses must comply with the requirements of relevant government laws or regulations.

### 2. Scope of application

- A. The policies are applicable to all employees of the Company, outsourced service providers and visitors.
- B. The scope of information security management includes four major areas, namely, organizational control, personnel control, physical control, and technical control, with an eye towards preventing incidents such as improper use, leakage, tampering, and destruction of data caused by human error, intentional actions, or natural disasters, which could pose various risks and hazards to the Company.

### 3. Information security organizational strategy and management indicators

To achieve the goal of information security management, the following information security management indicators are established:

- A. Enhance corporate image and ensure sustainable business operation and growth.
- B. Improve customer satisfaction.
- C. Promote employees’ awareness of information security.
- D. Compliant with laws and regulations as required by regulatory authorities.

### **5-6-3 Specific management plan and resource allocation:**

1. Establish dedicated cybersecurity personnel responsible for the formulation, management, and implementation of cybersecurity policies. Engage professional organizations as consultants for information security management, providing guidance and recommendations on the establishment of information security management systems.
2. Regularly inventory information asset list, conduct risk management based on information security risk assessment, and implement various control measures.
3. Regularly conduct information security awareness campaigns, using online education and training platforms, email communications, and bulletin board notifications to educate colleagues about information security incidents and trends, enhancing their awareness of information security. Conduct annual information security education and training, requiring all new employees to sign information confidentiality agreements and prohibiting the use of unauthorized software.
4. All employees, subcontractors and third parties of the Company are required to sign a confidentiality statement to ensure that those who use the Company's information to provide information services or perform related information business have the responsibility and obligation to protect the information assets obtained or used by the Company to prevent unauthorized access, alteration, destruction or improper disclosure.
5. Employee accounts, passwords, and permissions should be kept and used properly, and passwords should be changed regularly for critical systems.
6. Establish appropriate backup or monitoring mechanisms for critical information systems or equipment and conduct regular drills to maintain their availability.
7. Prevent hacker intrusion with establishment of security protection for data communication, including firewalls, antivirus software, UTM, and website application firewalls.
8. Formulate response mechanism and reporting procedures for information security incidents, and immediately deal with information security incidents to contain damage.
9. Regularly perform website vulnerability scanning and penetration testing, and carry out patching, retesting, and tracking tasks to reduce risk to an acceptable level.
10. All personnel should comply with the requirements of laws and regulations and information security policies, and supervisors should supervise the implementation of the information security compliance and reinforce the information security awareness and legal concepts of colleagues.
11. Considering the uncertainty of information security risks, information security insurance was purchased in 2023 (evaluation year). In 2023, there were a total of 2,342 participants in cybersecurity-related courses, with 5 meetings held.
12. The Company has implemented the ISO27001 Information Security Management

System and obtained ISO27001 international certification. Every year, the Company undergoes certification review process for the ISO27001 Information Security Management System to maintain the validity of the international standard certificate. The current validity period of the certificate is from January 3, 2022, to January 3, 2025.

#### 5-6-4 Major information security incident

In the most recent year and as of the date of printing of the annual report, if the losses, possible impacts and countermeasures suffered due to major information security incidents cannot be reasonably estimated, the facts that cannot be reasonably estimated should be stated: NIL.





Certificate TW16/00020, continued

## 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.



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By Royal Charter

## 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.

Michael Lam - Managing Director Assurance, APAC

For and on behalf of BSI:

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	Registered Activities
Goldsun Express & Logistics Co., Ltd. No. 26, Hoping St. Lu-chu Dist. Taoyuan City 338002 Taiwan	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 organization. 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 organization from legal obligations.

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Certificate TW23/00000279 / 證書 TW23/00000279

The management system of / 下述組織

**DPS CO., LTD.**

**中保防災科技股份有限公司**

6F, No. 139, Zhengzhou Rd., Deling Dist., Taipei City 100612, Taiwan (R.O.C.)  
103612 臺北市大同區鄭州路 139 號 6 樓

has been assessed and certified as meeting the requirements of  
的管理系統已經通過審核，並被證明符合下述要求

**ISO/IEC 27001:2013**

For the following activities / 所涵蓋的活動範圍

The Information Technology & Project Management Department provides information security management activities, including system development and maintenance, network services and server room management, in compliance with the Statement of Applicability Version 1.2.

資訊暨專案處提供資訊安全管理活動，包括系統開發和維護、網路服務及機房管理與適用性聲明書版本 1.2 相符。

**SGS**

This certificate is valid from 26 December 2023 until 31 October 2025 and remains valid subject to satisfactory surveillance audits.

此證書的有效期自 2023 年 12 月 26 日至 2025 年 10 月 31 日且其有效性係繫於持續符合的定期稽核

Issue 2. Certified since 18 April 2023

級次 2. 認證註冊日期 2023 年 04 月 18 日

Organization certified since 31 January 2021 and first certified by SGS on 18 April 2023

組織獲得驗證起始於 2021 年 01 月 31 日，並首次獲得 SGS 驗證起始於 2023 年 04 月 18 日。

*Jonathan U. Hall*

Authorized by / 著手

Jonathan Hall

Global Head - Certification Services

SGS United Kingdom Ltd

Rosemoor Business Park, Ellesmere Port, Cheshire, CH5 5EN, UK

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Certificate TW22/00000523

The management system of

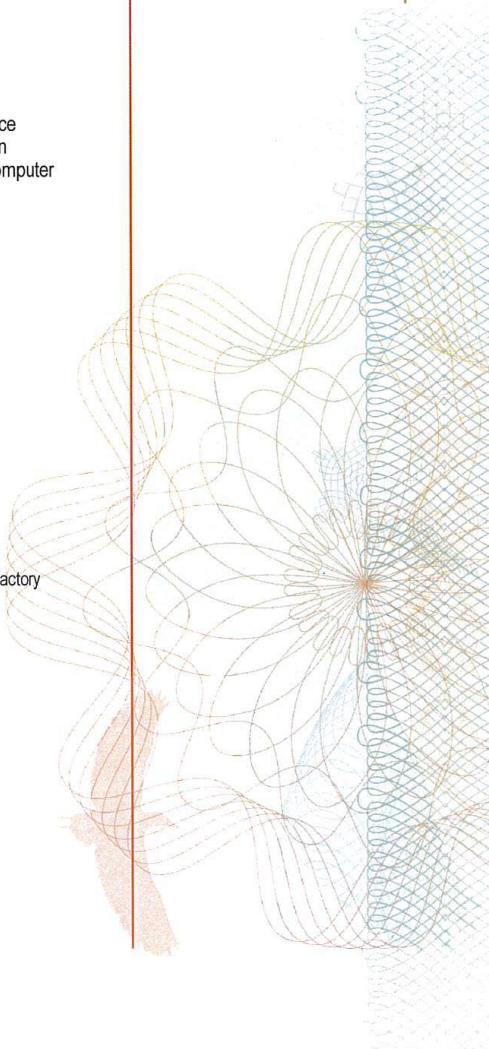
## Aion Technologies Inc.

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

A handwritten signature in black ink, appearing to be 'R' or 'Re'.

SGS United Kingdom Ltd  
Rossmore Business Park, Ellesmere Port, Cheshire, CH65 3EN, UK  
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**SGS**

## 5-7 Important contracts

Nature of the contract	The party involved	Contract start and end date	Main business	Restrictive clauses
Operation and technical cooperation contracts for private security and other businesses	Taiwan Secom Co., Ltd. (Party A) SECOM Co., Ltd. (Party B)	2023.4.14-2028.4.13	<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 the prior written consent of Party B, the right to implement the contract shall not be re-authorized 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 Financial Statements

#### 1. Condensed consolidated balance sheet

Unit: NT\$ thousand

Item	Year	Financial Summary for the Last Five Years				
		2019	2020	2021	2022	2023
Current assets		8,847,137	8,894,062	8,472,607	9,674,302	9,172,935
Property, plants, and equipment		6,761,760	7,067,044	7,178,382	8,825,335	9,480,823
Intangible assets		419,227	384,104	362,696	482,078	460,375
Other assets		6,470,529	6,824,217	7,599,259	6,921,676	7,746,257
Total assets		22,498,653	23,169,427	23,612,944	25,903,391	26,860,390
Current liabilities	Before distribution	8,570,169	6,717,858	6,908,393	8,870,692	7,962,009
	After distribution	10,374,957	8,973,843	9,164,378	11,126,678	10,308,234
Non-current liabilities		2,744,360	4,752,957	4,685,972	4,503,272	5,836,187
Total liabilities	Before distribution	11,314,529	11,470,815	11,594,365	13,373,964	13,798,196
	After distribution	13,119,317	13,726,800	13,850,350	15,629,950	16,144,421
Equity attributable to owners of parent company		10,739,216	11,239,568	11,608,217	12,041,725	12,587,747
Share capital		4,511,971	4,511,971	4,511,971	4,511,971	4,511,971
Capital surplus	Before distribution	763,317	813,963	824,811	906,891	1,063,044
	After distribution	763,317	777,867	824,811	906,891	1,063,044
Retained earnings	Before distribution	5,810,983	6,302,407	6,575,176	6,977,205	7,302,039
	After distribution	4,006,195	4,082,518	4,319,191	4,721,219	4,955,814
Other equities		(58,666)	(100,384)	(15,352)	(91,087)	(56,445)
Treasury stock		(288,389)	(288,389)	(288,389)	(263,255)	(232,862)
Non-controlling interests		444,908	459,044	410,362	487,702	474,447
Total equity	Before distribution	11,184,124	11,698,612	12,018,579	12,529,427	13,062,194
	After distribution	9,379,336	9,442,627	9,762,594	10,273,441	10,715,969

2. Condensed consolidated statement of comprehensive income

Unit: NT\$ thousand, except for earnings per share

Item	Year	Financial Summary for the Past Five Years				
		2019	2020	2021	2022	2023
Net Operating Income	13,411,677	13,706,365	14,134,897	15,357,445	17,073,977	
Gross profit	4,892,670	5,009,075	5,034,212	5,073,545	5,578,376	
Operating income	2,533,016	2,639,996	2,665,886	2,464,057	2,640,414	
Non-operating income and expenses	145,802	344,962	419,559	667,136	551,495	
Net profit before tax	2,678,818	2,984,958	3,085,445	3,131,193	3,191,909	
Current period net profit	2,176,779	2,437,228	2,578,885	2,607,950	2,621,994	
Other comprehensive income (net, after tax)	53,821	(134,479)	53,245	(790)	43,962	
Total consolidated income for the period	2,230,600	2,302,749	2,632,130	2,607,160	2,665,956	
Net income attributes to shareholders of the Parent	2,136,561	2,388,900	2,526,684	2,578,741	2,591,253	
Net profit attributable to non-controlling interests	40,218	48,328	52,201	29,209	30,741	
Total comprehensive income attributable to owners of parent company	2,186,178	2,254,494	2,569,297	2,582,280	2,630,249	
Total comprehensive income attributable to non-controlling interests	44,422	48,255	62,833	24,880	35,707	
Earnings per share (NT\$)	4.85	5.42	5.73	5.85	5.85	

## 6-1-2 Parent-only statements

### 1. Condensed parent-only balance sheet

Unit: NT\$ thousand

Item	Year	Financial Summary for the Last Five Years				
		2019	2020	2021	2022	2023
Current assets		2,323,049	2,375,812	2,515,585	2,870,224	2,771,610
Property, plants, and equipment		4,856,574	4,782,198	4,774,395	5,799,589	5,687,452
Intangible assets		64,428	69,251	66,855	108,219	95,314
Other assets		11,282,251	11,873,444	12,260,383	12,602,552	12,979,120
Total assets		18,526,302	19,100,705	19,617,218	21,380,584	21,533,496
Current liabilities	Before distribution	5,626,375	4,023,461	4,117,638	6,043,897	4,589,185
	After distribution	7,431,163	6,279,446	6,373,623	8,299,883	6,935,410
Non-current liabilities		2,160,711	3,837,676	3,891,363	3,294,962	4,356,564
Total liabilities	Before distribution	7,787,086	7,861,137	8,009,001	9,338,859	8,945,749
	After distribution	9,591,874	10,117,122	10,264,986	11,594,845	11,291,974
Share capital		4,511,971	4,511,971	4,511,971	4,511,971	4,511,971
Capital surplus	Before distribution	763,317	813,963	824,811	906,891	1,063,044
	After distribution	763,317	777,867	824,811	906,891	1,063,044
Retained earnings	Before distribution	5,810,983	6,302,407	6,575,176	6,977,205	7,302,039
	After distribution	4,006,195	4,082,518	4,319,191	4,721,219	4,955,814
Other equities		(58,666)	(100,384)	(15,352)	(91,087)	(56,445)
Treasury stock		(288,389)	(288,389)	(288,389)	(263,255)	(232,862)
Total equity	Before distribution	10,739,216	11,239,568	11,608,217	12,041,725	12,587,747
	After distribution	8,934,428	8,983,583	9,352,232	9,785,739	10,241,522

2. Condensed parent-only statement of comprehensive income

Unit: NT\$ thousand, except for earnings per share

Item	Year	Financial Summary for the Last Five Years				
		2019	2020	2021	2022	2023
Net operating revenue		6,990,449	7,008,878	7,180,031	7,287,460	7,645,284
Gross profit		3,439,876	3,438,149	3,437,213	3,438,842	3,599,843
Operating income		1,587,574	1,620,889	1,564,707	1,432,536	1,454,249
Non-operating Income and Expenses		847,724	1,093,282	1,231,837	1,443,589	1,441,293
Net profit before tax		2,435,298	2,714,171	2,796,544	2,876,125	2,895,542
Current period net profit		2,136,561	2,388,900	2,526,684	2,578,741	2,591,253
Other comprehensive income (net, after tax)		49,617	(134,406)	42,613	3,539	38,996
Total consolidated income for the period		2,186,178	2,254,494	2,569,297	2,582,280	2,630,249
Earnings per share (NT\$)		4.85	5.42	5.73	5.85	5.85

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

Year	CPA firm	Name of CPAs	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 (Note)	Unqualified Opinion
2022	Ernst & Young, Taiwan	LIU Hui-Yuan, WANG Hsuan-Hsuan (Note)	Unqualified Opinion
2023	Ernst & Young, Taiwan	LIU Hui-Yuan, WANG Hsuan-Hsuan	Unqualified Opinion

Note: CPAs were replaced in order to accommodate the internal scheduling coordination of the accounting firm.

## 6-2 Financial Information for the Most Recent Five Years

### 6-2-1 Consolidated financial analysis

Analysis item	Year	Financial Information for the Most Recent Five Years				
		2019	2020	2021	2022	2023
Financial structure (%)	Ratio of liabilities to assets	50.29	49.51	49.10	51.63	51.37
	Ratio of long-term capital to property, plant and equipment	205.99	232.79	232.71	193.00	199.33
Debt service ability (%)	Current Ratio	103.23	132.39	122.64	109.06	115.21
	Quick ratio	94.07	115.62	105.66	94.18	97.65
	Times interest earned ratio	67.43	75.02	63.48	48.27	29.37
Operating ability	Accounts receivable turnover rate (times)	11.41	11.62	10.94	10.01	9.90
	Average days for cash receipts	32	32	34	37	37
	Inventory turnover rate (times)	4.74	5.08	3.74	5.72	6.57
	Payables turnover rate (times)	11.04	12.90	12.18	10.17	9.60
	Average days for sale of goods	78	72	98	64	56
	Turnover rate for property, plant and equipment (times)	1.95	1.98	1.98	1.92	1.87
	Total asset turnover rate (times)	0.62	0.60	0.60	0.62	0.65
Profitability	Return on assets(%)	10.19	10.81	11.19	10.76	10.28
	Return on equity(%)	19.80	21.30	21.75	21.25	20.49
	Pre-tax income to paid-in capital(%)	59.37	66.16	68.38	69.40	70.74
	Net profit ratio(%)	16.23	17.78	18.24	16.98	15.36
	Earnings per share (NT\$)	4.85	5.42	5.73	5.85	5.85
Cash flow	Cash flow ratio(%)	36.23	51.89	47.32	33.58	41.79
	Cash flow sufficiency ratio(%)	101.04	104.71	96.51	88.49	84.67
	Cash reinvestment ratio(%)	6.01	7.16	4.22	3.00	4.13
Leverage	Operating leverage	1.57	1.56	1.56	1.61	1.62
	Financial leverage	1.02	1.02	1.02	1.03	1.04
Reasons for changes of more than 20% in various financial ratios in the last two years:						
<ol style="list-style-type: none"> <li>1. The difference in times interest earned ratio compared to the previous year is 39.15%, due to an increase in interest expenses for the current year.</li> <li>2. The difference in cash flow ratio compared to the previous year is 24.45%, due to a decrease in current liabilities for the current year.</li> <li>3. The difference in cash reinvestment ratio compared to the previous year is 37.67%, due to an increase in the cash inflow from operating activities for the current year.</li> </ol>						

## 6-2-2 Parent-only financial analysis

Analysis item	Year	Financial Information for the Most Recent Five Years				
		2019	2020	2021	2022	2023
Financial structure(%)	Ratio of liabilities to assets	42.03	41.16	40.83	43.68	41.54
	Ratio of long-term capital to property, plant and equipment	265.62	315.28	324.64	264.44	297.92
Debt service ability (%)	Current Ratio	41.29	59.05	61.09	47.49	60.39
	Quick ratio	34.33	46.94	45.09	36.61	46.07
	Times interest earned ratio	96.35	116.38	88.38	62.24	38.91
Operating ability	Accounts receivable turnover rate (times)	9.03	8.72	8.28	7.43	7.34
	Average days for cash receipts	40	42	44	49	50
	Inventory turnover rate (times)	4.84	3.58	3.02	2.64	2.54
	Payables turnover rate (times)	7.21	8.38	7.52	6.23	6.31
	Average days for sale of goods	75	102	121	138	144
	Turnover rate for property, plant and equipment (times)	1.42	1.45	1.50	1.38	1.33
	Total asset turnover rate (times)	0.38	0.37	0.37	0.36	0.36
Profitability	Return on assets(%)	11.76	12.80	13.18	12.76	12.36
	Return on equity(%)	20.29	21.74	22.12	21.81	21.04
	Pre-tax income to paid-in capital(%)	53.97	60.15	61.98	63.74	64.17
	Net profit ratio(%)	30.56	34.08	35.19	35.39	33.89
	Earnings per share (NT\$)	4.85	5.42	5.73	5.85	5.85
Cash flow	Cash flow ratio(%)	36.06	54.17	49.77	35.66	46.33
	Cash flow sufficiency ratio(%)	71.75	77.08	75.69	70.68	67.68
	Cash reinvestment ratio(%)	1.20	1.80	(0.97)	(0.45)	(0.54)
Leverage	Operating leverage	1.66	1.66	1.68	1.75	1.76
	Financial leverage	1.02	1.01	1.02	1.03	1.06

Reasons for changes of more than 20% in various financial ratios in the last two years:

1. The difference in current ratio compared to the previous year is 27.16%, due to a decrease in current liabilities for the current year.
2. The difference in rapid ratio compared to the previous year is 25.84%, due to a decrease in current liabilities for the current year.
3. The difference in times interest earned ratio compared to the previous year is 37.48%, due to an increase in interest expenses for the current year.
4. The difference in cash flow ratio compared to the previous year is 29.92%, due to a decrease in current liabilities for the current year.

Note: Formulae are shown as follows:

1. Financial structure

- (1) Debt ratio = Total liabilities/Total assets
- (2) Ratio of long-term funds to property, plant, and equipment = (Total equity + non-current liabilities)/Net property, plant, and equipment.
2. Debt service ability
  - (1) Current ratio = Current assets/Current liabilities.
  - (2) Quick ratio = (Current assets - Inventory - Prepaid expenses)/Current liabilities
  - (3) Times interest earned ratio = Earnings before interest and taxes/Interest expenses
3. Operating ability
  - (1) Accounts receivable turnover rate (including accounts receivable and bills receivable from business activities) = Net sales/Balance of average accounts receivable in each period (including accounts receivable and bills receivable from business activities)
  - (2) Average days for cash receipts = 365/Accounts receivable turnover
  - (3) Inventory turnover rate= Cost of sales/Average inventory
  - (4) Payables turnover rate (including accounts payable and bills payable from business activities) = Cost of sales/Balance of average accounts payable in each period (including accounts payable and bills payable from business activities)
  - (5) Average days for sale of goods = 365/Inventory turnover
  - (6) Turnover rate for property, plant and equipment = Net sales/Average net property, plant, and equipment
  - (7) Total asset turnover rate = Net sales/Average total assets
4. Profitability
  - (1) Return on assets = [Profit or loss after tax + Interest expenses  $\times$  (1 - Tax rate)]/Average total assets
  - (2) Return on equity = Profit or loss after tax/Average total equity
  - (3) Net profit ratio = Profit or loss after tax/Net sales
  - (4) Earnings per share = (Income attributable to owners of parent company - Preferred shares dividends)/Weighted average number of shares issued
5. Cash flow
  - (1) Cash flow ratio = Net cash flows from operating activities/Current liabilities
  - (2) Cash flow sufficiency ratio = Net cash flow from operating activities for the most recent five years/(Capital expenditures + Inventory increment + Cash dividends) for the most recent five years
  - (3) Cash reinvestment ratio = (Net cash flow from operating activities - Cash dividends)/(Gross property, plant, and equipment + Long-term investment + Other non-current assets + Working capital)
6. Leverage
  - (1) Operating leverage = (Net operating revenue - Variable operating costs and expenses)/Operating income
  - (2) Financial leverage = Operating income/(Operating income - Interest expenses)

## **Audit Committee's Report on Financial Statements**

The Board of Directors has prepared the Company's 2023 business report, financial statements (including parent-only and consolidated), and proposal for the distribution of earnings. Ernst & Young Taiwan was engaged to audit the Company's Financial Statements and has issued an audit opinion. 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.**

Convener of the Audit Committee:



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March 12, 2024

## **Representation Letter**

The entities included in the consolidated financial statements as of December 31, 2023 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.

Hereby declare,

Taiwan Secom Co., Ltd.

Chairman: Lin Hsiao-Hsin

March 12, 2024

## **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, 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the consolidated financial statements, including the summary of material 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, 2023 and 2022, and their consolidated financial performance and cash flows for the years ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 2023 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\$17,073,977 thousand for the year ended December 31, 2023, 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 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.

### **Auditors' 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 auditors' 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 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 auditors' 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 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' 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, 2023 and 2022.

Liu, Hui-Yuan

Wang, Hsuan-Hsuan

Ernst & Young, Taiwan

March 12, 2024

### **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.

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

No.	Assets	Notes	As of			
			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
1100	Current assets					
1110	Cash and cash equivalents	4 and 6	\$4,690,333	17	\$5,153,467	20
1110	Financial assets at fair value through profit or loss, current	4, 5 and 6	1,062	-	64,472	-
1120	Financial assets at fair value through other comprehensive income, current	4, 5 and 6	137,485	-	269,473	1
1136	Financial assets measured at amortized cost, current	4, 6 and 8	155,553	1	257,783	1
1140	Contract assets, current	4 and 6	773,229	3	456,121	2
1150	Notes receivable, net	4, 5 and 6	174,145	1	190,244	1
1170	Accounts receivable, net	4, 5 and 6	1,276,010	5	1,222,555	5
1180	Accounts receivable from related parties, net	4, 6 and 7	239,911	1	261,564	1
1196	Operating lease receivables	4, 5 and 6	36,431	-	26,819	-
1197	Finance lease receivables	4 and 6	68,199	-	81,465	-
130x	Inventories, net	4 and 6	524,559	2	564,068	2
1410	Prepayments		873,479	3	755,425	3
1470	Other current assets		222,539	1	370,846	1
11xx	Total current assets		9,172,935	34	9,674,302	37
1511	Non-current assets					
1517	Financial assets at fair value through profit or loss, non-current	4, 5 and 6	256,355	1	186,360	1
1535	Financial assets at fair value through other comprehensive income, non-current	4, 5 and 6	315,893	1	173,375	1
1550	Financial assets measured at amortized cost, non-current	4, 6 and 8	132,085	1	132,075	1
1550	Investments accounted for using the equity method	4, 5 and 6	4,481,643	17	4,230,179	16
1600	Property, plant and equipment	4, 6, 7 and 8	9,480,823	35	8,825,335	34
1755	Right-of-use assets	4, 6 and 7	1,119,158	4	881,801	3
1760	Investment property, net	4, 5 and 6	23,317	-	23,661	-
1780	Intangible assets	4 and 6	460,375	2	482,078	2
1840	Deferred tax assets	4, 5 and 6	408,298	2	411,752	2
1915	Prepayment for equipment		366,706	1	300,354	1
1920	Refundable deposits	7	359,050	1	335,863	1
1932	Long-term receivables	5 and 6	64,447	-	49,940	-
1935	Long-term finance lease receivables	4 and 6	124,296	1	143,621	1
1990	Other assets, non-current		95,009	-	52,695	-
15xx	Total non-current assets		17,687,455	66	16,229,089	63
1xxx	Total assets		\$26,860,390	100	\$25,903,391	100

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2023 and December 31, 2022

(Expressed in Thousands of New Taiwan Dollars)

No.	Liabilities and Equity	Notes	As of			
			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
2100	Current liabilities					
2110	Short-term loans	4, 6 and 8	\$125,000	1	\$830,000	3
2110	Short-term bills payable	6	110,000	-	30,000	-
2130	Contract liabilities, current	4 and 6	1,478,205	6	1,427,258	6
2150	Notes payable		247,526	1	353,222	1
2170	Accounts payable		936,360	3	805,122	3
2180	Accounts payable to related parties	7	26,824	-	26,057	-
2200	Other payables	6 and 7	2,387,420	9	2,327,855	9
2230	Current tax liabilities	4, 5 and 6	282,712	1	265,088	1
2250	Provisions, current	4 and 6	5,841	-	988	-
2281	Lease liabilities	6	319,333	1	296,586	1
2282	Lease liabilities to related parties	6 and 7	13,579	-	15,308	-
2320	Current portion of long-term loans	4, 6 and 8	1,892,339	7	2,360,500	9
2300	Other current liabilities	4, 6 and 7	136,870	1	132,708	1
21xx	Total current liabilities		7,962,009	30	8,870,692	34
2527	Non-current liabilities					
2540	Contract Liabilities, non-current	4 and 6	5,786	-	15,319	-
2550	Long-term loans	4, 6 and 8	2,966,000	11	1,792,339	7
2581	Provisions, non-current	4 and 6	80,886	-	117,102	-
2582	Lease liabilities	6	773,450	3	553,729	2
2582	Lease liabilities to related parties	6 and 7	9,815	-	10,287	-
2612	Long-term payables		25,706	-	10,586	-
2640	Net defined benefit liabilities, non-current	4, 5 and 6	1,334,130	5	1,372,487	6
2645	Guarantee deposits	6	640,414	2	631,423	3
25xx	Total non-current liabilities		5,836,187	21	4,503,272	18
2xxx	Total liabilities		13,798,196	51	13,373,964	52
31xx	Equity Attributable to the Parent Company					
3110	Capital					
3110	Common stock	6	4,511,971	17	4,511,971	17
3200	Capital surplus	6	1,063,044	4	906,891	3
3300	Retained earnings	6				
3310	Legal reserve		4,485,859	17	4,220,058	16
3320	Special reserve		91,087	-	15,352	-
3350	Unappropriated earnings		2,725,093	10	2,741,795	11
3400	Other components of equity	4 and 6	(56,445)	-	(91,087)	-
3500	Treasury stock	4 and 6	(232,862)	(1)	(263,255)	(1)
36xx	Non-Controlling Interests	6	474,447	2	487,702	2
3xxx	Total equity		13,062,194	49	12,529,427	48
	Total liabilities and equity		\$26,860,390	100	\$25,903,391	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, 2023 and 2022

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

No.	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	4 and 7	\$17,118,060	100	\$15,396,020	100
4700	Less : Sales returns and allowances		(44,083)	-	(38,575)	-
4100	Net revenue	6	17,073,977	100	15,357,445	100
5000	Operating costs	6 and 7	(11,495,601)	(67)	(10,283,900)	(67)
5900	Gross profit		5,578,376	33	5,073,545	33
6000	Operating expenses	6 and 7				
6100	Sales and marketing expenses		(1,043,014)	(6)	(869,303)	(6)
6200	General and administrative expenses		(1,770,868)	(10)	(1,605,860)	(10)
6300	Research and development expenses		(118,886)	(1)	(123,194)	(1)
6450	Expected credit losses		(5,194)	-	(11,131)	-
	Subtotal		(2,937,962)	(17)	(2,609,488)	(17)
6900	Operating income		2,640,414	16	2,464,057	16
7000	Non-operating income and loss					
7100	Interest income	6	28,416	-	13,395	-
7010	Other income	6	16,288	-	25,966	-
7020	Other gains and losses	5 and 6	78,488	-	32,245	-
7050	Finance costs	6	(112,518)	(1)	(66,244)	-
7060	Share of profit or loss of associates accounted for using the equity method	4	540,821	3	661,774	4
	Subtotal		551,495	2	667,136	4
7900	Income before income tax		3,191,909	18	3,131,193	20
7950	Income tax expenses	4, 5 and 6	(569,915)	(3)	(523,243)	(3)
8200	Net income		2,621,994	15	2,607,950	17
8300	Other comprehensive income	6				
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans		(75,062)	1	61,477	-
8316	Unrealized gains (losses) on financial assets at fair value through other comprehensive income		105,877	-	(43,785)	-
8320	Share of other comprehensive (loss) income of associates and joint ventures - may not be reclassified subsequently to profit or loss		2,239	-	(49,775)	-
8349	Income tax related to items that will not be reclassified		11,557	-	(11,266)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences on translation of foreign operations		(1,329)	-	27,674	-
8370	Share of other comprehensive (loss) income of associates and joint ventures - may be reclassified subsequently to profit or loss		680	-	14,885	-
	Total other comprehensive (loss) income, net of tax		43,962	1	(790)	-
8500	Total comprehensive income		\$2,665,956	16	\$2,607,160	17
8600	Net income attributable to:					
8610	Shareholders of the parent					
8620	Non-Controlling Interests	6	\$2,591,253		\$2,578,741	
8620	Non-Controlling Interests	6	30,741		29,209	
8700	Comprehensive income attributable to:					
8710	Shareholders of the parent					
8720	Non-Controlling Interests	6	\$2,630,249		\$2,582,280	
8720	Non-Controlling Interests	6	35,707		24,880	
	Earnings per share (NT\$)					
9750	Basic earnings per share	6	\$5.85		\$5.85	
9850	Diluted earnings per share	6	\$5.85		\$5.84	

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, 2023 and 2022  
 (Expressed in Thousands of New Taiwan Dollars)

Description	Equity Attributable to the Parent Company								Non-Controlling Interests	Total Equity
	Common Stock	Capital surplus	Legal Reserve	Special Reserve	Unappropriated earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at Fair Value through Other Comprehensive Income	Treasury stock		
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
Appropriations and distributions of 2021 unappropriated earnings										
Legal reserve	-	-	249,266	-	(249,266)	-	-	-	-	-
Reversal of 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
Other comprehensive (loss) income, net of tax in 2022	-	-	-	-	50,271	41,253	(87,985)	-	3,539	(4,329)
Total comprehensive income	-	-	-	-	2,629,012	41,253	(87,985)	-	2,582,280	24,880
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	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	-	-	-	-	103	-	(103)	-	-	-
Difference between consideration given/received and carrying amount of interest in subsidiaries	-	-	-	-	-	-	-	-	(40,053)	(40,053)
Increase in non-controlling interests	-	-	-	-	-	-	-	-	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
Balance as of January 1, 2023	\$4,511,971	\$906,891	\$4,220,058	\$15,352	\$2,741,795	\$(61,108)	\$(29,979)	\$(263,255)	\$12,041,725	\$487,702
Appropriations and distributions of 2022 unappropriated earnings										
Legal reserve	-	-	265,801	-	(265,801)	-	-	-	-	-
Special reserve	-	-	-	75,735	(75,735)	-	-	-	-	-
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	-	7,733	-	-	-	-	-	7,733	44	7,777
Overdue dividend collection	-	(74)	-	-	-	-	-	(74)	-	(74)
Net income in 2023	-	-	-	-	2,591,253	-	-	-	2,591,253	30,741
Other comprehensive income, net of tax in 2023	-	-	-	-	(62,037)	1,809	99,224	-	38,996	4,966
Total comprehensive income	-	-	-	-	2,529,216	1,809	99,224	-	2,630,249	35,707
Disposal of company's share by subsidiaries recognized as treasury stock transaction	-	105,618	-	-	-	-	-	30,393	136,011	-
Parent company's cash dividends received by subsidiaries	-	42,876	-	-	-	-	-	-	42,876	42,876
Disposal of equity instrument at fair value through other comprehensive income by subsidiaries	-	-	-	-	43,375	-	(43,375)	-	-	5,942
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	23,016	-	(23,016)	-	-	5,942
Difference between consideration given/received and carrying amount of interest in subsidiaries	-	-	-	-	(9,620)	-	-	-	(9,620)	(13,064)
Increase (decrease) through changes in ownership interests in subsidiaries	-	-	-	-	(5,167)	-	-	-	(5,167)	2,525
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	(44,409)
Balance as of December 31, 2023	\$4,511,971	\$1,063,044	\$4,485,859	\$91,087	\$2,725,093	\$(59,299)	\$2,854	\$(232,862)	\$12,587,747	\$474,447

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, 2023 and 2022  
 (Expressed in Thousands of New Taiwan Dollars)

Description	2023	2022	Description	2023	2022
<b>Cash flows from operating activities:</b>			<b>Cash flows from investing activities:</b>		
Profit before tax from continuing operations	\$3,191,909	\$3,131,193	Acquisition of financial assets at fair value through other comprehensive income	(115,023)	(28,117)
Income before tax	3,191,909	3,131,193	Proceeds from disposal of financial assets at fair value through other comprehensive income	186,455	46,345
Adjustments to reconcile net income before tax to net cash provided by operating activities:			Capital deducted by cash of financial assets at fair value through other comprehensive income	7,772	5,285
Depreciation	1,545,901	1,443,511	Acquisition of financial assets measured at amortized cost	(246,037)	(833,595)
Amortization	84,336	69,665	Proceeds from disposal of financial assets measured at amortized cost	348,257	944,240
Expected credit losses	5,194	11,131	Acquisition of financial assets at fair value through profit or loss	(68,513)	(150,105)
Gain on financial assets at fair value through profit or loss	(26)	(17)	Proceeds from disposal of financial assets at fair value through profit or loss	61,954	2,500
Interest expense	112,518	66,244	Acquisition of investments accounted for using the equity method	(69,904)	(16,139)
Interest income	(28,416)	(13,395)	Proceeds from disposal of investments accounted for using the equity method	3,940	239,311
Dividend income	(8,284)	(15,671)	Acquisition of a subsidiary (net of cash acquired)	-	(488,903)
Share of profit or loss of associates accounted for using the equity method	(540,821)	(661,774)	Acquisition of property, plant and equipment	(1,609,332)	(1,222,780)
Loss on disposal of property, plant and equipment	2,064	28,676	Proceeds from disposal of property, plant and equipment	17,096	26,764
Gain on disposal of investment property	-	(14,518)	(Increase) decrease in refundable deposits	(23,187)	16,267
Gain on disposal of investments	-	(52,041)	Acquisition of intangible assets	(62,633)	(110,202)
Impairment loss	-	45,000	Proceeds from disposal of investment property	-	29,210
Gain on lease modification	(224)	(618)	Increase in prepayment for equipment	(66,352)	(54,558)
Changes in operating assets and liabilities:			Increase in other current assets	(42,376)	(9,006)
Contract assets	(319,131)	(127,994)	Dividends received	377,688	363,243
Notes receivable, net	16,099	(7,524)	Net cash used in investing activities	(1,300,195)	(1,240,240)
Accounts receivable, net	(58,649)	(219,894)	<b>Cash flows from financing activities:</b>		
Accounts receivable from related parties, net	21,653	4,342	(Decrease) increase in short-term loans	(705,000)	311,000
Inventories, net	(199,980)	(232,256)	Increase (decrease) in short-term bills payable	80,000	(70,000)
Prepayments	(118,054)	(123,355)	Increase in long-term loans	6,766,000	1,608,500
Other current assets	220,692	(148,390)	Decrease in long-term loans	(6,060,500)	(641,622)
Operating lease receivables	(9,612)	59,947	Increase (decrease) in guarantee deposits	8,991	(16,638)
Finance lease receivables	32,591	26,013	Cash payments for the principal portion of lease liability	(392,562)	(346,703)
Long-term receivables	(14,507)	4,077	Cash dividends paid	(2,255,986)	(2,255,986)
Contract liabilities	41,414	121,713	Disposal of treasury stock	136,011	121,471
Notes payable	(105,696)	171,119	Changes in non-controlling interests	(67,225)	39,870
Accounts payable	129,622	39,824	Overdue dividend collection	(74)	-
Accounts payable to related parties	2,384	3,160	Net cash used in financing activities	(2,490,345)	(1,250,108)
Other payables	57,657	(74,859)	Net (decrease) increase in cash and cash equivalents	(463,134)	488,123
Provision	(33,632)	110,667	Cash and cash equivalents at the beginning of the year	5,153,467	4,665,344
Other current liabilities	18,863	19,987	Cash and cash equivalents at the end of the year	\$4,690,333	\$5,153,467
Net defined benefit liabilities, non-current	(114,732)	(125,303)			
Cash generated from operations	3,931,133	3,538,660			
Interest received	27,662	13,956			
Interest paid	(96,745)	(55,743)			
Income tax paid	(534,644)	(518,402)			
Net cash provided by operating activities	3,327,406	2,978,471			

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, 2023 AND 2022

(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, 2023 and 2022 were authorized for issue by the Board of Directors on March 12, 2024.

3. Newly Issued or Revised Standards and Interpretations

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

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these 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, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current-Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended 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 of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(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.

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

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

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 Group.

#### 4. Summary of Significant Accounting Policies

##### (1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 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 resulting difference 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, 2023	December 31, 2022
The Company	Speed Investment Co., Ltd.	Investment holding	100.00%	100.00%
The Company	Goyun Security Co., Ltd.	Security guarding services	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)	90.17%	87.42%
The Company	Golden Harvest Food Enterprise Ltd.	Food processing and manufacturing	97.84%	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., Gowin Building Management and KuoHsing Security Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	Building management services providing	100.00%	100.00%
The Company, Speed Investment Co., Ltd., and KuoHsing Security Co., Ltd.	Lee Way Electronics Co., Ltd.	Police-Citizen connection and AED rental services	90.24%	90.24%
The Company, Speed Investment Co., Ltd. and Goyun Security Co., Ltd.	Lots Home Entertainment Co., Limited	Digital media and movie distribution	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.	Star Power Solutions Taiwan Limited	Energy-saving solutions technology (Note 2)	100.00%	51.00%
Speed Investment Co., Ltd.	Baohwa Trust Co., Ltd.	Information security services (Note 3)	75.00%	60.00%
Speed Investment Co., Ltd.	MyStory Entertainment Co., Ltd.	Video content development and investment (Note 4)	51.00%	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)	99.47%	98.57%

Name of the investors	Name of subsidiaries	Nature of Business	Percentage of ownership (%)	
			December 31, 2023	December 31, 2022
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.	Goyun 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	SIGMUD.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%
Comlink Fire Systems Inc.	Litenet Corporation	Light controlling system services (Note 7)	100.00%	-
Golden Harvest Food Enterpose Ltd.	Tai-Shun Shi Ye Co., Ltd.	Garment Industry	100.00%	100.00%
LeeBao Security Co., Ltd.and LeeBao Technology Co., Ltd.	Baohong Technology Co., Ltd.	Information software service (Note 8)	70.00%	70.00%

Note 1: Taiwan Secom Co., Ltd. acquired 439,003 shares and 35,278 shares of Aion Technologies Inc. from its non-controlling interest shareholders for NT\$7,511 thousand and NT\$604 thousand in June 2023, respectively. The percentage of ownership increased to 90.17%.

Note 2: Speed Investment Co., Ltd. acquired a total of 49% voting shares of Star Power Solutions Taiwan Limited from its non-controlling interest shareholders for a total of NT\$14,700 thousand in July 2023. The percentage of ownership increased to 100%. On July 31, 2023, the Taipei City Government approved the company name change from “Sunseap Solutions Taiwan Limited” to “Star Power Solutions Taiwan Limited.”

Note 3: On August 22, 2023, Speed Investment Co., Ltd. acquired an additional 3,000 thousand shares of Baohwa Trust Co., Ltd., for a cash capital increase. Therefore, Speed Investment's percentage of ownership in Baohwa Trust increased to 75%.

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 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: Epic Tech Taiwan Inc. reduced its capital by 74.56% in June 2023, and, subsequently, conducted the cash capital increase of NT\$30,000 thousand, which was fully acquired by Speed Investment Co., Ltd. and Aion Technologies Inc. The percentage of ownership increased to 99.47%.

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: Comlink Fire Systems Inc. invested in Litenet Corporation by acquiring 200 thousand shares for a total of NT\$2,000 thousand in October 2023. The percentage of ownership was 100%.

Note 8: 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 comprise 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 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

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:

- 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.
- 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 represent 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, maximizing 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 amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the 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 probable 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 have 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 have 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 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 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.

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 in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.
- (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 in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.
- (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 property

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 values 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, 2023.

(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,	
	2023	2022
Petty cash	\$11,562	\$11,148
Cash on hand for cash delivery service	1,352,750	1,432,740
Checking and saving accounts	2,913,109	3,352,686
Time deposit	2,000	2,000
Cash equivalents	410,912	354,893
<b>Total</b>	<b>\$4,690,333</b>	<b>\$5,153,467</b>

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

	As of December 31,	
	2023	2022
Financial assets mandatorily at fair value through profit or loss:		
Fund	\$1,062	\$1,036
Convertible bond	42,138	42,138
Convertible preferred shares	49,677	28,379
Simple Agreement for Future Equity	-	21,298
Film and television investment agreement	164,540	157,981
<b>Total</b>	<b>\$257,417</b>	<b>\$250,832</b>
Current	\$1,062	\$64,472
Non-current	256,355	186,360
<b>Total</b>	<b>\$257,417</b>	<b>\$250,832</b>

Note: The simple agreement for future equity originally held by the Group was converted into equivalent convertible preferred shares in October 2023

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,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies stocks	\$51,860	\$178,216
Unlisted companies stocks	264,638	122,809
Real estate investment trust	136,880	141,823
Total	<u><u>\$453,378</u></u>	<u><u>\$442,848</u></u>
Current	\$137,485	\$269,473
Non-current	315,893	173,375
Total	<u><u>\$453,378</u></u>	<u><u>\$442,848</u></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, 2023 and 2022 are as follow

	For the years ended December 31,	
	2023	2022
Related to investments held at the end of the reporting period	\$8,284	\$15,671
Related to investments derecognized during the period	-	-
Dividends recognized during the period	<u><u>\$8,284</u></u>	<u><u>\$15,671</u></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, 2023 and 2022 are as follow:

	For the years ended December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	\$194,227	\$51,630
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	66,391	29,003

(4) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Financial bond	\$-	\$29,976
Time deposit	287,638	359,882
Less: loss allowance	-	-
<b>Total</b>	<b>\$287,638</b>	<b>\$389,858</b>
Current	\$155,553	\$257,783
Non-current	132,085	132,075
<b>Total</b>	<b>\$287,638</b>	<b>\$389,858</b>

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,	
	2023	2022
Notes receivable arising from operating activities	\$174,145	\$190,244
Less: loss allowance	-	-
<b>Total</b>	<b>\$174,145</b>	<b>\$190,244</b>

Notes receivables 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,	
	2023	2022
Accounts receivable, net	\$1,319,891	\$1,264,834
Less: loss allowance	(43,881)	(42,279)
<b>Subtotal</b>	<b>1,276,010</b>	<b>1,222,555</b>
Accounts receivable from related parties, net	239,911	261,564

	As of December 31,	
	2023	2022
Less: loss allowance	-	-
Subtotal	239,911	261,564
Operating lease receivables	36,431	26,819
Less: loss allowance	-	-
Subtotal	36,431	26,819
Long-term receivables	64,447	49,940
Less: loss allowance	-	-
Subtotal	64,447	49,940
Total	<u><u>\$1,616,799</u></u>	<u><u>\$1,560,878</u></u>

Accounts receivables were not pledged.

Accounts receivable is generally on 15-120 day terms. The total carrying amount as of December 31, 2023 and 2022 are NT\$1,660,680 thousand and NT\$1,603,157 thousand, respectively. Please refer to Note 6(22) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk.

#### (7) Inventories

	As of December 31,	
	2023	2022
Merchandise inventories	\$347,041	\$321,962
Finished goods	28,290	24,756
Work-in-progress	16,630	28,093
Raw materials	119,691	171,771
Others	12,907	17,486
Total	<u><u>\$524,559</u></u>	<u><u>\$564,068</u></u>

The cost of inventories recognized as expenses by the Group amounted to NT\$3,073,426 thousand and NT\$2,685,613 thousand for the years ended December 31, 2023 and 2022, respectively, including the write-down of inventories of NT\$206 thousand and NT\$44,092 thousand, respectively, and the gain from the price recovery of inventory of NT\$0 and NT\$11,932 thousand, respectively. The gain is resulted from the sale of obsolete inventory in the current 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:

Investees	As of December 31,			
	2023		2022	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
<b>Investments in associates:</b>				
<u><b>Listed companies</b></u>				
Goldsun Building Materials Co., Ltd.	\$4,115,390	15	\$3,860,655	15
TransAsia Airways Corp.	-	12	-	12
<b>Subtotal</b>	<b>\$4,115,390</b>		<b>3,860,655</b>	
<u><b>Non-listed companies</b></u>				
Tech Elite Holdings Ltd.	\$-	39	-	39
Anfeng Enterprise Co., Ltd.	16,061	30	15,238	30
HuaYa Development Co., Ltd.	286,117	43	290,086	43
eSkylink Inc.	28,204	20	25,428	20
Global Food Co., Ltd.	23,092	30	21,252	30
GALC Inc.	12,779	30	12,080	30
Pony Drink Dream Co., Ltd. (Note 1)	-	-	5,440	35
<b>Subtotal</b>	<b>366,253</b>		<b>369,524</b>	
<b>Total</b>	<b>\$4,481,643</b>		<b>\$4,230,179</b>	

Note 1: In August 2023, Living Plus Food & Beverage Co., Ltd. sold 35% equity stake of Pony Drink Dream Co., Ltd. The disposal price amounted to NT\$3,940 thousand.

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.

The investment in TransAsia Airways Corp., an investee of the Group, was recognized in investments accounted for using the equity method. In 2016, Full impairment loss has been provisioned after assessing the recoverability of the investment. On January 11, 2017, the shareholders meeting of TransAsia Airways Corp. approved the liquidation proposal. TransAsia Airways Corp. filed for bankruptcy in June 2018.

Information on the material associate of the Group:

Company name: Goldsun Building Materials Co., Ltd.

Nature of the relationship with the associate: The key management of the Group and Goldsun Building Materials Co., Ltd. are the same.

Principal place of business (country of incorporation): Taiwan

Fair value of the investment in the associate when there is a quoted market price for the investment: Goldsun Building Materials Co., Ltd. is listed on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Goldsun Building Materials Co., Ltd. was NT\$5,075,476 thousand and NT\$4,488,215 thousand, as of December 31, 2023 and 2022, 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,	
	2023	2022
Current assets	\$12,555,138	\$12,657,734
Non-current assets	27,994,001	26,293,349
Current liabilities	(8,688,597)	(9,066,546)
Non-current liabilities	(6,242,638)	(5,487,481)
Equity	25,617,904	24,397,056
Non-Controlling Interests	(1,123,722)	(1,131,575)
Shareholders of the parent	24,494,182	23,265,481
Proportion of the Group's ownership	14.94%	14.71%
Subtotal	3,659,431	3,422,352
Goodwill	380,551	363,485
Others	75,408	74,818
Carrying amount of the investment	<u>\$4,115,390</u>	<u>\$3,860,655</u>

	For the years ended December 31,	
	2023	2022
Operating revenue	\$21,041,131	\$21,278,780
Profit or loss from continuing operations	3,621,076	4,236,108

	For the years ended December 31,	
	2023	2022
Other comprehensive income (loss)	42,967	(138,642)
Total comprehensive income	<u>\$3,664,043</u>	<u>\$4,097,466</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\$ 366,253 thousand and NT\$369,524 thousand, as of December 31, 2023 and 2022, respectively. The aggregate financial information based on Group's share of other companies is as follows:

	For the years ended December 31,	
	2023	2022
Profit or loss from continuing operations	\$11,710	\$12,181
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$11,710</u>	<u>\$12,181</u>

The associates had no contingent liabilities or capital commitments as of December 31, 2023 and 2022.

## (9) Property, plant and equipment

	As of December 31,	
	2023	2022
Owner occupied property, plant and equipment	\$9,304,125	\$8,684,230
Property, plant and equipment leased out under operating leases	176,698	141,105
<b>Total</b>	<b><u>\$9,480,823</u></b>	<b><u>\$8,825,335</u></b>

### (a) Owner occupied property, plant and equipment

	Land and land improvement	Buildings	Machinery and equipment	Security equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress	Total
<b>Cost:</b>									
As of January 1, 2023	\$3,184,280	\$1,829,169	\$527,400	\$8,821,844	\$712,847	\$912,245	\$1,237,289	\$991,430	\$18,216,504
Additions	382,741	138,634	146,291	480,569	70,338	60,062	111,778	175,654	1,566,067
Disposals	-	(3,147)	(40,365)	(659,385)	(61,044)	(52,271)	(91,129)	-	(907,341)
Other changes	-	-	-	184,395	-	211	(1,363)	-	183,243
<b>As of December 31, 2023</b>	<b><u>\$3,567,021</u></b>	<b><u>\$1,964,656</u></b>	<b><u>\$633,326</u></b>	<b><u>\$8,827,423</u></b>	<b><u>\$722,141</u></b>	<b><u>\$920,247</u></b>	<b><u>\$1,256,575</u></b>	<b><u>\$1,167,084</u></b>	<b><u>\$19,058,473</u></b>
 As of January 1, 2022									
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

	Land and land improvement	Buildings	Machinery and equipment	Security equipment	Office equipment	Transportation equipment	Other equipment	Construction in progress	Total
As of December 31, 2022	\$3,184,280	\$1,829,169	\$527,400	\$8,821,844	\$712,847	\$912,245	\$1,237,289	\$991,430	\$18,216,504
Depreciation and impairment:									
As of January 1, 2023	\$-	\$531,229	\$375,923	\$6,700,031	\$519,916	\$526,320	\$878,855	\$-	\$9,532,274
Depreciation	-	60,934	53,797	739,721	71,639	84,182	98,906	-	1,109,179
Disposals	-	(2,883)	(37,752)	(655,288)	(60,658)	(44,364)	(87,250)	-	(888,195)
Other changes	-	65	1,456	-	1	-	(432)	-	1,090
As of December 31, 2023	\$-	\$589,345	\$393,424	\$6,784,464	\$530,898	\$566,138	\$890,079	\$-	\$9,754,348
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	\$-	\$531,229	\$375,923	\$6,700,031	\$519,916	\$526,320	\$878,855	\$-	\$9,532,274
Net carrying amount as of:									
December 31, 2023	\$3,567,021	\$1,375,311	\$239,902	\$2,042,959	\$191,243	\$354,109	\$366,496	\$1,167,084	\$9,304,125
December 31, 2022	\$3,184,280	\$1,297,940	\$151,477	\$2,121,813	\$192,931	\$385,925	\$358,434	\$991,430	\$8,684,230

(b) Property, plant and equipment leased out under operating leases

	<u>Other equipment</u>
Cost:	
As of January 1, 2023	\$579,769
Additions	43,265
Disposals	(63,243)
Other changes	49,397
As of December 31, 2023	<u>\$609,188</u>
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>
Depreciation and impairment:	
As of January 1, 2023	\$438,664
Depreciation	56,613
Disposals	(63,229)
Other changes	442
As of December 31, 2023	<u>\$432,490</u>
As of January 1, 2022	\$384,865
Depreciation	54,477
Disposals	(122)
Other changes	(556)

As of December 31, 2022	<u>Other equipment</u>
	<u><u>\$438,664</u></u>

Net carrying amount as of:	
December 31, 2023	<u><u>\$176,698</u></u>
December 31, 2022	<u><u>\$141,105</u></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
<b>Cost:</b>			
As of January 1, 2023	\$14,100	\$13,419	\$27,519
Disposals	-	-	-
As of December 31, 2023	<u><u>\$14,100</u></u>	<u><u>\$13,419</u></u>	<u><u>\$27,519</u></u>
As of January 1, 2022	\$26,010	\$16,986	\$42,996
Disposals	(11,910)	(3,567)	(15,477)
As of December 31, 2022	<u><u>\$14,100</u></u>	<u><u>\$13,419</u></u>	<u><u>\$27,519</u></u>
 <b>Depreciation and impairment:</b>			
As of January 1, 2023	\$-	\$3,858	\$3,858
Depreciation	-	344	344
Disposals	-	-	-
As of December 31, 2023	<u><u>\$-</u></u>	<u><u>\$4,202</u></u>	<u><u>\$4,202</u></u>
As of January 1, 2022	\$-	\$4,238	\$4,238
Depreciation	-	404	404
Disposals	-	(784)	(784)
As of December 31, 2022	<u><u>\$-</u></u>	<u><u>\$3,858</u></u>	<u><u>\$3,858</u></u>
 <b>Net carrying amount as of:</b>			
December 31, 2023	<u><u>\$14,100</u></u>	<u><u>\$9,217</u></u>	<u><u>\$23,317</u></u>
December 31, 2022	<u><u>\$14,100</u></u>	<u><u>\$9,561</u></u>	<u><u>\$23,661</u></u>

	For the years ended December 31,	
	2023	2022
Rental income from investment property	\$4,090	\$5,004
Less: Direct operating expense generated from rental income of investment property	(344)	(404)
Total	\$3,746	\$4,600

Investment property were not pledged.

The fair value of investment properties is NT\$74,890 thousand and NT\$74,189 thousand, as of December 31, 2023 and 2022, 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,	
	2023	2022
Capitalization Rate	2.51%~4.45%	2.20%

#### (11) Intangible assets

	Goodwill	Computer software	Customer relationship	Other	Total
<b>Cost:</b>					
As of January 1, 2023	\$643,498	\$275,883	\$17,432	\$3,709	\$940,522
Addition-acquired separately	-	61,852	-	781	62,633
Expired	-	(56,829)	(17,432)	-	(74,261)
As of December 31, 2023	<u>\$643,498</u>	<u>\$280,906</u>	<u>\$-</u>	<u>\$4,490</u>	<u>\$928,894</u>
 As of January 1, 2022					
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	<u>\$643,498</u>	<u>\$275,883</u>	<u>\$17,432</u>	<u>\$3,709</u>	<u>\$940,522</u>
 Amortization and impairment:					
As of January 1, 2023	\$297,711	\$142,444	\$16,809	\$1,480	\$458,444
Amortization	-	82,715	623	998	84,336
Expired	-	(56,829)	(17,432)	-	(74,261)
As of December 31, 2023	<u>\$297,711</u>	<u>\$168,330</u>	<u>\$-</u>	<u>\$2,478</u>	<u>\$468,519</u>
 As of January 1, 2022					
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
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>
 Net carrying amount as of:					
December 31, 2023	<u>\$345,787</u>	<u>\$112,576</u>	<u>\$-</u>	<u>\$2,012</u>	<u>\$460,375</u>
December 31, 2022	<u>\$345,787</u>	<u>\$133,439</u>	<u>\$623</u>	<u>\$2,229</u>	<u>\$482,078</u>

Recognized as amortization of intangible assets are as follows.

	For the years ended December 31,	
	2023	2022
Operating costs	\$35,737	\$28,108
Operating expenses	<u>\$48,599</u>	<u>\$41,557</u>

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

Goodwill acquired through business combinations and licenses with indefinite lives have been allocated to 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	
	2023	2022	2023	2022
As of December 31, Goodwill	\$27,548	\$27,548	\$221,913	\$221,913
	Other business unit		Total	
	2023	2022	2023	2022
As of December 31, Goodwill	\$96,326	\$96,326	\$345,787	\$345,787

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 12.90% (2022: 14.92%) and cash flows beyond the five-year period are extrapolated using a 1.50% (2022: 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 has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for

products and services. The post-tax discount rates applied to cash flow projections is 11.34% (2022: 11.03%~ 11.18%) and cash flows beyond the five-year period are extrapolated using a 1.15% (2022: 0.5%) growth rate that is the same as the long-term average growth rate for the catering service industry. As a result of this analysis, management has identified no impairment loss for goodwill which is allocated to this cash-generating unit. Additionally, 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 10.53%~12.87% (2022: 11.61%~12.12%) and cash flows beyond the five-year period are extrapolated using a 1.80%~ 1.90% (2022: 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.

(13) Short-term loans

	Interest Rates (%)	As of December 31,	
		2023	2022
Unsecured bank loans	1.32%~1.85%	\$100,000	\$800,000
Secured bank loans	1.97%~1.72%	25,000	30,000
Total		\$125,000	\$830,000

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

(14) Short-term bills payables

Nature	Guarantee Agency	As of December 31, 2023	Interest Rate (%)	Period
Commercial paper	Dah Chung Bills Finance Corporation	\$70,000	1.84%	10 days
Commercial paper	Mega Bills Finance Corporation	20,000	1.99%	30 days
Commercial paper	China Bills Finance Corporation	20,000	1.99%	29 days
Subtotal		\$110,000		
Less: discount on short-term bills payable		-		
Net		\$110,000		

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

The Group has no assets as security for short-term bills payable.

(15) Other payables

	As of December 31,	
	2023	2022
Other accrued expenses	\$1,558,143	\$1,468,714
ATM replenishment payable	690,851	722,156
Others	138,426	136,985
<b>Total</b>	<b>\$2,387,420</b>	<b>\$2,327,855</b>

(16) Long-term loans

	Interest Rates (%)	As of December 31,	
		2023	2022
Unsecured bank loans	0.86%~2.49%	\$4,448,000	\$3,996,000
Secured bank loans	1.20%~2.12%	410,339	156,839
<b>Subtotal</b>		<b>4,858,339</b>	<b>4,152,839</b>
Less: current portion		(1,892,339)	(2,360,500)
<b>Total</b>		<b>\$2,966,000</b>	<b>\$1,792,339</b>

Lenders	Credit limit	Credit period	Interest Rates (%)	Terms of repayment
Sumitomo Mitsui Banking Corporation Taipei branch	1,900,000	Aug. 1, 2022 to Jul. 31, 2026	According to the bank's quotation	Revolving credit facility with repayment upon maturity. Interest is paid monthly.
Sumitomo Mitsui Banking Corporation Taipei branch	3,000,000	Jul. 1, 2023 to Jun. 30, 2024	According to the bank's quotation	Revolving credit facility with repayment upon maturity. Interest is paid monthly.
MUFG Bank, Ltd. Taipei branch	500,000	Dec. 18, 2020 to Dec 16, 2022	Fixed at 0.85% for the first year Fixed at 0.86% for the second year	Single drawdown utilization with repayment upon maturity. Interest is paid every three months.
MUFG Bank, Ltd. Taipei branch	400,000	Jan. 15, 2021 to Jan. 13, 2023	Fixed at 0.85% for the first year Fixed at 0.86% for the second year	Single drawdown utilization with repayment upon maturity. Interest is paid every three months.
MUFG Bank, Ltd. Taipei branch	400,000	Sep. 22, 2022 to Sep. 22, 2025	Fixed at 2.49% for the first two years from the initial drawdown. 3M TAIBOR plus an annual interest rate of 1.10% from year three.	Single drawdown utilization with repayment upon maturity. Interest is paid every three months.
Mizuho Bank, Ltd. Taipei branch	100,000	Mar. 22, 2021 to Mar. 22, 2024	According to the bank's quotation	Single drawdown utilization with repayment upon maturity. Interest is paid every three months.

Lenders	Credit limit	Credit period	Interest Rates (%)	Terms of repayment
Mizuho Bank, Ltd. Taipei branch	600,000	Jul. 11, 2022 to Jul. 5, 2025	According to the bank's quotation	Single drawdown divides into three installments of 200 million each. Interest is paid every three months.
Mizuho Bank, Ltd. Taipei branch	800,000	Dec. 15, 2022 to Dec. 15, 2025	According to the bank's quotation	Revolving credit facility with repayment upon maturity. Interest is paid monthly.
Mizuho Bank, Ltd. Taipei branch	1,000,000	Jul. 5, 2023 to Jul. 5, 2026	According to the bank's quotation	Revolving credit facility with repayment upon maturity. Interest is paid monthly.
KGI Bank Co., Ltd.	800,000	Apr. 27, 2021 to Apr. 26, 2024	Based on 3M TAIBOR plus an annual interest rate of 0.7%.	Revolving credit facility with repayment upon maturity. Interest is paid monthly.
KGI Bank Co., Ltd.	800,000	Apr. 26, 2023 to Apr. 26, 2026	Based on 3M TAIBOR plus an annual interest rate of 0.6%.	Revolving credit facility with repayment upon maturity. Interest is paid monthly.
Sunny Bank Ltd.	250,000	2 years from the date of the first drawdown	Based on the interest rate of postal saving minus annual rate of 0.145%.	Drawdown in installments with a grace period of 24 months and repayment upon maturity. Interest is paid monthly.
Sunny Bank Ltd.	33,600	2 years from the date of the first drawdown	Based on the interest rate of postal saving minus annual rate of 0.145%.	Single drawdown with equal monthly principal amortization, and interest calculated based on a floating rate.
Sunny Bank Ltd.	150,000	Land financing: March 18, 2022 to March 18, 2024	Based on the interest rate of saving in sunny Bank Ltd. plus an annual rate of 0.61%.	Single drawdown with repayment upon maturity. Interest is paid monthly.
JIH SUN INTERNATIONA L BANK CO., LTD. (Officially merged with Taipei Fubon Bank on April 1st, 2023.)	300,000	36 months from the date of the first drawdown	According to the bank's quotation	Single drawdown with monthly principal repayment of 4,000 thousand dollars for each period. Repayment of the remaining upon maturity. Interest is paid monthly.
Hua Nan Commercial Bank Ltd.	266,000	Land financing: Dec. 27, 2023 to Dec. 27, 2026	Based on the interest rate of saving in Hua Nan Commercial Bank Ltd. plus an annual rate of 0.36%.	Single drawdown with repayment upon maturity. Interest is paid monthly.

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,

	2023	2022
Performance security deposit	\$511,237	\$497,916
Security line deposit	119,652	125,737
Others	9,525	7,770
<b>Total</b>	<b>\$640,414</b>	<b>\$631,423</b>

(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, 2023 and 2022 were NT\$252,449 thousand and NT\$238,505 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 mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks

and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT\$118,424 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

The average durations of the defined benefits plan obligation are both 10 years as of December 31, 2023 and 2022.

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
Current period service costs	\$36,522	\$41,800
Interest expense of net defined benefit liabilities (assets)	22,518	8,701
<b>Total</b>	<b>\$59,040</b>	<b>\$50,501</b>

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

	As of December 31,	
	2023	2022
Defined benefit obligation	\$1,866,083	\$1,838,573
Plan assets at fair value	(531,953)	(466,086)
Other non-current liabilities – Net defined benefit liabilities recognized on the consolidated balance sheets	\$1,334,130	\$1,372,487

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, 2022	\$1,984,635	\$(419,642)	\$1,564,993
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	<u>(36,503)</u>	<u>(30,699)</u>	<u>(67,202)</u>
Payments from the plan	(162,346)	162,346	-
Contributions by employer	-	(175,805)	(175,805)
As of December 31, 2022	1,838,573	(466,086)	1,372,487
Current period service costs	36,522	-	36,522
Net interest expense (income)	30,034	(7,516)	22,518
Subtotal	<u>66,556</u>	<u>(7,516)</u>	<u>59,040</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	497	-	497
Actuarial gains and losses arising from changes in financial assumptions	25,748	-	25,748
Experience adjustments	50,672	(100)	50,572
Return on plan assets	-	-	-
Subtotal	<u>76,917</u>	<u>(100)</u>	<u>76,817</u>
Payments from the plan	(115,963)	115,963	-
Contributions by employer	-	(174,214)	(174,214)
As of December 31, 2023	<u>\$1,866,083</u>	<u>\$(531,953)</u>	<u>\$1,334,130</u>

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

	As of December 31,	
	2023	2022
Discount rate	1.04%-1.31%	1.47%-1.90%
Expected rate of salary increases	0.50%-2.00%	0.50%-2.00%

A sensitivity analysis for significant assumption as of December 31, 2023 and 2022 is as follows:

	Effect on the defined benefit obligation			
	2023		2022	
	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%	\$-	\$51,804	\$-	\$63,774
Discount rate decreases by 0.5%	59,945	-	70,933	-
Future salary increases by 0.5%	59,735	-	70,891	-
Future salary decreases by 0.5%	-	52,086	-	64,292

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

	Decommissioning, restoration and rehabilitation			Total
	Onerous contract	Warranties	rehabilitation	
As of January 1, 2023	\$110,127	\$763	\$7,200	\$118,090
Arising during the period	6,251	5,617	-	11,868
Utilized	(42,692)	-	-	(42,692)
Reversed	-	(539)	-	(539)
As of December 31, 2023	<u>\$73,686</u>	<u>\$5,841</u>	<u>\$7,200</u>	<u>\$86,727</u>
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>
Current—December 31, 2023	\$-	\$5,841	\$-	\$5,841
Non-current—December 31 2023	<u>73,686</u>	<u>-</u>	<u>7,200</u>	<u>80,886</u>
As of December 31, 2023	<u>\$73,686</u>	<u>\$5,841</u>	<u>\$7,200</u>	<u>\$86,727</u>
Current—December 31, 2022	\$225	\$763	\$-	\$988
Non-current—December 31 2022	<u>109,902</u>	<u>-</u>	<u>7,200</u>	<u>117,102</u>
As of December 31, 2022	<u>\$110,127</u>	<u>\$763</u>	<u>\$7,200</u>	<u>\$118,090</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 building 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 thousand, consisting of 451,197,093 shares with a par value of NT\$10 per share, as of December 31, 2023 and 2022, respectively. Each share has one voting right and the right to receive dividends.

### (b) Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	\$4,291	\$4,291
Treasury share transactions	938,682	790,188
Changes in net assets of associates and joint ventures accounted for using the equity method	117,186	109,453
Donated surplus	2,885	2,959
<b>Total</b>	<b>\$1,063,044</b>	<b>\$906,891</b>

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, 2023 and 2022, the Company's shares held by the subsidiaries were NT\$ 232,862 thousand and NT\$263,255 thousand, with a total of 7,836,805 shares and 9,079,805 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. Speed Investment Co., Ltd. disposed 1,243 thousand shares of the Company for NT\$ 30,393 thousand in 2023. 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, a company needs distribute the legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to fill the deficit of a company. When a company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital, by issuing new shares or by distributing cash in proportion to the number of shares held by each shareholder.

According to existing regulations, when the Company distributing distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity” for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

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 set aside NT\$ 75,735 thousand special reserve to undistributed earnings. As of December 31, 2023 and 2022, the special reserve were NT\$ 91,087 thousand and NT\$15,352 thousand, respectively.

Details of the 2023 earnings distribution and dividends per share as approved and resolved by the Board of Directors’ meeting on March 12, 2024 and details of the 2022 earnings distribution and dividends per share as approved and resolved by the shareholders’ meeting on May 30, 2023, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$258,082	\$265,801		
Special reserve	(34,642)	75,735		
Common stock-cash dividend	2,346,225	2,255,986	\$5.2	\$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,	
	2023	2022
Beginning balance	\$487,702	\$410,362
Profit attributable to non-controlling interests	30,741	29,209
Other comprehensive income, attributable to non-controlling interests, net of tax:		
Exchange differences on translation of foreign operations	(2,458)	1,305
Unrealized gains (losses) on financial assets at fair value through other comprehensive income	8,507	(6,291)
Remeasurements of defined benefit plan	(1,083)	657
Disposal of equity instrument at fair value through other comprehensive income	5,942	1,712
Share of changes in associates accounted for using the equity method	44	17
Cash dividend from subsidiaries	(44,409)	(38,905)
Acquisitions through business combinations	-	34,747
Acquisition of additional interest of a subsidiary	(22,815)	(38,887)
Changes in subsidiaries' ownership	2,525	94,942
Others	9,751	(1,166)
Ending balance	<u><u>\$474,447</u></u>	<u><u>\$487,702</u></u>

(21) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods revenue	\$2,608,894	\$2,137,464
Rendering of service revenue	<u>14,121,234</u>	<u>12,913,043</u>
Subtotal	16,730,128	15,050,507
Other revenue	343,849	306,938
Total	<u><u>\$17,073,977</u></u>	<u><u>\$15,357,445</u></u>

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 is as follows:

(a) Classification of revenue

For the year ended December 31, 2023:

	Electronic Systems Department	Security services Department	Cash delivery Department	Logistics Department	Catering services Department	Other Department	Total
Sale of goods	\$621,214	\$-	\$-	\$-	\$1,635,885	\$351,795	\$2,608,894
Rendering of services	6,560,247	2,343,390	1,252,598	939,962	-	3,025,037	14,121,234
Total	<u>\$7,181,461</u>	<u>\$2,343,390</u>	<u>\$1,252,598</u>	<u>\$939,962</u>	<u>\$1,635,885</u>	<u>\$3,376,832</u>	<u>\$16,730,128</u>

Timing of revenue  
recognition:

At a point in time	\$621,214	\$-	\$-	\$-	\$1,635,885	\$351,795	\$2,608,894
Over time	6,560,247	2,343,390	1,252,598	939,962	-	3,025,037	14,121,234
Total	<u>\$7,181,461</u>	<u>\$2,343,390</u>	<u>\$1,252,598</u>	<u>\$939,962</u>	<u>\$1,635,885</u>	<u>\$3,376,832</u>	<u>\$16,730,128</u>

For the year ended December 31, 2022:

	Electronic Systems Department	Security services Department	Cash delivery Department	Logistics Department	Catering services Department	Other Department	Total
Sale of goods	\$645,910	\$-	\$-	\$20,358	\$1,287,125	\$184,071	\$2,137,464
Rendering of services	6,200,440	2,342,017	1,212,755	975,581	65	2,182,185	12,913,043
Total	<u>\$6,846,350</u>	<u>\$2,342,017</u>	<u>\$1,212,755</u>	<u>\$995,939</u>	<u>\$1,287,190</u>	<u>\$2,366,256</u>	<u>\$15,050,507</u>

Timing of revenue  
recognition:

At a point in time	\$645,910	\$-	\$-	\$20,358	\$1,287,125	\$184,071	\$2,137,464
Over time	6,200,440	2,342,017	1,212,755	975,581	65	2,182,185	12,913,043
Total	<u>\$6,846,350</u>	<u>\$2,342,017</u>	<u>\$1,212,755</u>	<u>\$995,939</u>	<u>\$1,287,190</u>	<u>\$2,366,256</u>	<u>\$15,050,507</u>

(b) Contract balances

A. Contract assets - current

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Rendering of services	\$773,229	\$456,121	\$327,088
Total	<u>\$773,229</u>	<u>\$456,121</u>	<u>\$327,088</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

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Current	\$1,478,205	\$1,427,258	\$1,301,963
Non-current	5,786	15,319	18,901
<b>Total</b>	<b>\$1,483,991</b>	<b>\$1,442,577</b>	<b>\$1,320,864</b>

The significant changes in the Group's balances of contract liabilities during the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
The opening balance transferred to revenue	\$(1,265,308)	\$(1,167,683)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,306,722	1,289,396

#### (c) Transaction price allocated to unsatisfied performance obligations

The Group's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT\$1,483,991 thousand as of December 31, 2023. Management expects that 92% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2024. The remaining amount will be recognized during the 2025 financial year.

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.

#### (d) Assets recognized from costs to fulfil a contract

None.

(22) Expected credit losses

	For the years ended December 31,	
	2023	2022
Operating expenses - Expected credit losses		
Contract assets	\$-	\$-
Trade receivables	5,194	11,131
Subtotal	<u>5,194</u>	<u>11,131</u>
Non-operating income and expenses - Expected credit losses		
Financial assets measured at amortized cost:	-	-
Total	<u>\$5,194</u>	<u>\$11,131</u>

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, 2023

Group 1	Overdue						Total
	Not yet due (note)	91-180 1-90 days	181-270 days	271-365 days	>=365 days		
Gross carrying amount	\$1,085,053	\$45,340	\$47,318	\$2,093	\$1,130	\$12,783	\$1,193,717
Loss ratio	0-2%	2-10%	10-30%	30-50%	50-80%	80-100%	
Lifetime expected credit losses	(3,056)	(4,725)	(9,205)	(663)	(640)	(12,783)	(31,072)
Subtotal	1,081,997	40,615	38,113	1,430	490	-	1,162,645

Group 2	Overdue						Total
	Not yet due (note)	91-180 1-90 days	181-270 days	271-365 days	>=365 days		
Gross carrying amount	\$822,069	\$245	\$92	\$120	\$-	\$11,077	\$833,603
Loss ratio	0-2%	2-10%	10-30%	30-50%	50-80%	80-100%	
Lifetime expected credit losses	(1,657)	(5)	(10)	(60)	-	(11,077)	(12,809)
Subtotal	820,412	240	82	60	-	-	820,794
Total							<u>\$1,983,439</u>

As of December 31, 2022

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

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, 2023 and 2022 is as follows:

	Trade receivables	Notes receivables	Others (Note)
Balance as of January 1, 2023	\$42,279	\$-	\$-
Addition/(reversal) for the current period	5,194	-	-
Write off	(3,586)	-	-
Others	(6)	-	-
Balance as of December 31, 2023	<u>\$43,881</u>	<u>\$-</u>	<u>\$-</u>
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>

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

(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,	
	2023	2022
Land and land improvement	\$54,329	\$67,080
Buildings	943,154	688,023
Transportation equipment	120,762	126,698
Other equipment	913	-
<b>Total</b>	<b>\$1,119,158</b>	<b>\$881,801</b>

During the year 2023 and 2022, the Group's additions to right-of-use assets amounted to NT\$ 636,706 thousand and NT\$592,934 thousand, respectively.

ii. Lease liabilities

	As of December 31,	
	December 31,	December 31,
	2023	2022
Lease liabilities	<b>\$1,116,177</b>	<b>\$875,910</b>
Current	\$332,912	\$311,894
Non-current	783,265	564,016

Please refer to Note 6(25) for the interest on lease liabilities recognized during the year 2023 and 2022 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Land and land improvement	\$26,628	\$21,115
Buildings	310,115	272,846
Transportation equipment	42,249	34,549
Other equipment	773	2,853
<b>Total</b>	<b>\$379,765</b>	<b>\$331,363</b>

C. Income and costs relating to leasing activities

	For the years ended December 31,	
	2023	2022
The expenses relating to short-term leases	\$96,607	\$78,518
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	13,376	13,745
<b>Total</b>	<b>\$109,983</b>	<b>\$92,263</b>

D. Cash outflow relating to leasing activities

The Group's total cash outflows for leases amounted to NT\$ 502,545 thousand and NT\$438,966 thousand for the years ended December 31, 2023 and 2022, 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,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$353,666	\$317,233
Subtotal	<u>353,666</u>	<u>317,233</u>
Lease income for finance leases		
Selling profit or loss	3,216	3,580
Finance income on the net investment in the lease	4,639	4,973
Subtotal	<u>7,855</u>	<u>8,553</u>
Total	<u><u>\$361,521</u></u>	<u><u>\$325,786</u></u>

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, 2023 and 2022 are as follows:

	As of December 31,	
	2023	2022
Within one year	\$266,293	\$256,474
Beyond one year but not later than two years	7,537	10,730
Beyond two years but not later than three years	366	2,085
Beyond three years but not later than four years	294	72
Beyond four years but not later than five years	204	-
Beyond five years	228	-
Total	<u><u>\$274,922</u></u>	<u><u>\$269,361</u></u>

For finance leases entered by the Group, the undiscounted lease payments to be received and a total of the amounts for the remaining years as of December 31, 2023 and 2022 are as follow:

	As of December 31,	
	2023	2022
Within one year	\$71,944	\$86,050
Beyond one year but not later than two years	53,237	62,199
Beyond two years but not later than three years	38,209	43,491
Beyond three years but not later than four years	23,798	28,644
Beyond four years but not later than five years	8,284	14,438
Beyond five years	5,058	-
<b>Total undiscounted lease payment</b>	<b>200,530</b>	<b>234,822</b>
Less: Unearned finance income to finance leases	(8,035)	(9,736)
Less: loss allowance	-	-
<b>Net investment in the lease (Finance lease receivables)</b>	<b>\$192,495</b>	<b>\$225,086</b>
Current	\$68,199	\$81,465
Non-current	124,296	143,621

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

	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	\$4,189,786	\$1,704,797	\$5,894,583	\$4,006,936	\$1,680,234	\$5,687,170
Labor and health insurance	465,182	134,210	599,392	428,784	129,612	558,396
Pension	238,362	73,127	311,489	222,280	66,726	289,006
Other employee benefits expense	205,715	43,891	249,606	195,081	42,686	237,767
Depreciation	1,280,888	265,013	1,545,901	1,190,247	253,264	1,443,511
Amortization	35,737	48,599	84,336	28,108	41,557	69,665

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, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2023 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, 2023 amounted to NT\$30,511 thousand and NT\$122,043 thousand, respectively.

A resolution was passed at a Board of Directors meeting held on March 12, 2024 to distribute NT\$30,481 thousand and NT\$121,924 thousand in cash as employees' compensation and remuneration to directors of 2023, respectively.

No material differences exist between the estimated amount and the actual distribution of NT\$30,273 thousand as the employee compensation and of NT\$121,091 thousand as the remuneration to directors and supervisors for the year ended December 31, 2022.

(25) Non-operating income and expenses

(a) Interest income

	For the years ended December 31,	
	2023	2022
Financial assets measured at amortized cost	\$2,683	\$1,993
Cash in banks	14,242	8,597
Short-term commercial papers	4,621	2,443
Others	6,870	362
<b>Total</b>	<b>\$28,416</b>	<b>\$13,395</b>

(b) Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$8,004	\$10,295
Dividend income	8,284	15,671
Total	<b>\$16,288</b>	<b>\$25,966</b>

(c) Other gains and losses

	For the years ended December 31,	
	2023	2022
Loss on disposal of property, plant and equipment	\$ (2,064)	\$ (28,676)
Gain on disposal of investment property	-	14,518
Gain on disposal of investments	-	52,041
Foreign exchange gain, net	2,150	7,430
Gain on financial assets at fair value through profit or loss (Note 1)	26	17
Impairment loss	-	(45,000)
Gain on lease modification	224	618
Other gain	<b>78,152</b>	<b>31,297</b>
Total	<b>\$78,488</b>	<b>\$32,245</b>

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,	
	2023	2022
Interest on borrowings from bank	\$96,798	\$55,765
Interest on lease liabilities	15,720	10,479
Total interest expenses	112,518	66,244
Unwinding of discount on provisions	-	-
Total finance costs	<b>\$112,518</b>	<b>\$66,244</b>

(26) Components of other comprehensive income

For the year ended December 31, 2023

	Reclassification Arising during the period	Other adjustments during the period	components of comprehensive income, before tax	Other comprehensive income	Income tax relating to comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$75,062	\$-	\$75,062	\$11,908	\$(63,154)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income					
	105,877	-	105,877	(351)	105,526
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	2,239	-	2,239	-	2,239
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(1,329)	-	(1,329)	-	(1,329)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	680	-	680	-	680
Total of other comprehensive income	<u>\$32,405</u>	<u>\$-</u>	<u>\$32,405</u>	<u>\$11,557</u>	<u>\$43,962</u>

For the year ended December 31, 2022

	Reclassification Arising during the period	Other adjustments during the period	components of comprehensive income, before tax	Other comprehensive income	Income tax relating to 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	27,674	-	27,674	-	27,674
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	14,885	-	14,885	-	14,885
Total of other comprehensive income	<u>\$10,476</u>	<u>\$-</u>	<u>\$10,476</u>	<u>\$(11,266)</u>	<u>\$(790)</u>

(27) Income taxes

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,	
	2023	2022
<b>Current income tax expense (income):</b>		
Current income tax charge	\$545,588	\$519,035
Adjustments in respect of current income tax of prior periods	7,977	4,221
<b>Deferred tax expense (income):</b>		
Deferred tax (income) expense relating to origination and reversal of temporary differences	24,396	(2,458)
Deferred tax income relating to origination and reversal of tax loss and tax credit	(9,385)	(255)
Other	1,339	2,700
<b>Total income tax expense (income)</b>	<b>\$569,915</b>	<b>\$523,243</b>

Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2023	2022
<b>Deferred tax expense (income):</b>		
Remeasurements of defined benefit plans	\$(11,908)	\$12,411
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	351	(1,145)
<b>Income tax relating to components of other comprehensive income</b>	<b>\$(11,557)</b>	<b>\$11,266</b>

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,	
	2023	2022
Accounting profit before tax from continuing operations	<u>\$3,191,909</u>	<u>\$3,131,193</u>
Tax at the domestic rates applicable to profits in the country concerned	\$638,382	\$626,239
Investment tax credit and loss carryforward	609	(4,781)
Tax effect of deferred tax assets / liabilities	(2,672)	3,239
Tax effect of revenues exempt from taxation	(78,463)	(110,291)
Tax effect of non-deductible expenses from taxation	641	(160)
Adjustments in respect of current income tax of prior periods	7,977	4,221
5% surtax on unappropriated retained earnings	3,441	3,625
Others	-	1,151
Total income tax expense recognized in profit or loss	<u>\$569,915</u>	<u>\$523,243</u>

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance as of January 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as of December 31, 2023
Temporary differences				
Unrealized bad debt expense	\$5,395	\$447	\$-	\$5,842
Inventory valuation and obsolescence loss	9,271	(640)	-	8,631
Depreciation difference for tax purpose	13,881	(402)	-	13,479
Compensation for unused vacation	22,144	570	-	22,714
Decommissioning costs	1,440	-	-	1,440
Defined benefit liabilities, non-current	177,902	(18,481)	11,908	171,329
Loss deduction	4,975	8,046	-	13,021
Impairment loss	149,186	-	-	149,186
Other	27,558	(4,551)	(351)	22,656
Deferred tax (expense)/income		<u><u>\$(15,011)</u></u>	<u><u>\$11,557</u></u>	
Net deferred tax assets/(liabilities)	<u><u>\$411,752</u></u>			<u><u>\$408,298</u></u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u><u>\$411,752</u></u>			<u><u>\$408,298</u></u>

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
<b>Temporary differences</b>				
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 loss	149,186	-	-	149,186
Other	4,539	21,874	1,145	27,558
Deferred tax (expense)/income		<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>

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

Year	Tax losses for the period	Unused tax losses as of			Expiration year
		December 31, 2023	December 31, 2022		
2012	\$11,154	\$-	\$11,154		2022
2013	30,352	23,973	23,973		2023
2014	158	-	-		2024
2015	2,988	-	-		2025
2016	22,825	9,064	14,418		2026
2017	95,601	72,301	86,893		2027
2018	19,007	12,773	16,373		2028
2019	41,219	18,808	18,808		2029
2020	464,995	361,804	361,804		2030
2021	125,079	109,027	118,962		2031
2022	137,054	109,392	137,054		2032
2023	152,052	152,052	-		2033
		<u>\$869,194</u>	<u>\$789,439</u>		

## Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized as they may not be used to offset taxable profits amounted to NT\$295,605 thousand and NT\$288,752 thousand, respectively.

## The assessment of income tax returns

As of December 31, 2023, 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 2021	-
Speed Investment Co., Ltd.	Assessed and approved up to 2021	-
Goyun Security Co., Ltd.	Assessed and approved up to 2022	-
Gowin Building Management and Maintenance Co., Ltd.	Assessed and approved up to 2020	-
Gowin Security Co., Ltd.	Assessed and approved up to 2021	-
KuoHsing Security Co., Ltd.	Assessed and approved up to 2021	-
LeeBao Security Co., Ltd.	Assessed and approved up to 2021	-
LeeBao Technology Co., Ltd.	Assessed and approved up to 2021	-
Lee Way Electronics Co., Ltd.	Assessed and approved up to 2021	-
Titan Star International Co., Ltd.	Assessed and approved up to 2021	-
Goldsun Express & Logistics Co., Ltd.	Assessed and approved up to 2021	-
Goldsun Express Ltd.	Assessed and approved up to 2021	-
Zhong Bao Insurance Services Inc.	Assessed and approved up to 2021	-
Chung Hsing E-Guard Co., Ltd.	Assessed and approved up to 2021	-
Brightron Technology and Engineering Corporation	Assessed and approved up to 2021	-
Lots Home Entertainment Co., Ltd.	Assessed and approved up to 2021	-
Aion Technologies Inc.	Assessed and approved up to 2021	-
Ching-Dian Tech Co., Ltd.	Assessed and approved up to 2021	-
Guoyun Technology Co., Ltd.	Assessed and approved up to 2022	-
Comlink Fire Systems Inc.	Assessed and approved up to 2021	-
TransAsia Catering Services Ltd.	Assessed and approved up to 2020	-
Gowin Smart Parking Co., Ltd.	Assessed and approved up to 2021	-
KuoHsing Rental Co., Ltd.	Assessed and approved up to 2021	-
SIGMU D.P.T. Company Ltd.	Assessed and approved up to 2021	-
Lee Yuan Biomedical Co., Ltd.	Assessed and approved up to 2021	-
Living Plus Food and Beverage Co. Ltd.	Assessed and approved up to 2021	-
Jiansheng International Co., Ltd.	Assessed and approved up to 2021	-
Star Power Solutions Taiwan Limited	Assessed and approved up to 2021	-
Epic Tech Taiwan Inc.	Assessed and approved up to 2021	-
Golden Harvest Food Enterprise Ltd.	Assessed and approved up to 2021	-
Tai-Shun Shi Ye Co., Ltd.	Assessed and approved up to 2021	-
MyStory Entertainment Co., Ltd	Assessed and approved up to 2021	
Baohong Technology Co., Ltd.	-	Established in 2022
Baohwa Trust Co., Ltd	-	Established in 2022
Litenet Corporation	-	Established in 2023

(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,	
	2023	2022
<b>A. Basic earnings per share</b>		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u><u>\$2,591,253</u></u>	<u><u>\$2,578,741</u></u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u><u>442,667</u></u>	<u><u>441,111</u></u>
Basic earnings per share (NT\$)	<u><u>\$5.85</u></u>	<u><u>\$5.85</u></u>
<b>B. Diluted earnings per share</b>		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u><u>\$2,591,253</u></u>	<u><u>\$2,578,741</u></u>
Employee bonus (in thousands)	<u><u>-</u></u>	<u><u>-</u></u>
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	<u><u>\$2,591,253</u></u>	<u><u>\$2,578,741</u></u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u><u>442,667</u></u>	<u><u>441,111</u></u>
Effect of dilution:		
Employee bonus-stock (in thousands)	<u><u>261</u></u>	<u><u>302</u></u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u><u>442,928</u></u>	<u><u>441,413</u></u>
Diluted earnings per share (NT\$)	<u><u>\$5.85</u></u>	<u><u>\$5.84</u></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:

	<u>Fair value recognized on the acquisition date</u>
<b>Assets</b>	
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
<b>Total</b>	<b>625,269</b>
<b>Liabilities</b>	
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)
<b>Total</b>	<b>(219,475)</b>
<b>Identifiable net assets</b>	<b>\$405,794</b>

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	(405,794)
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	(29,662)
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 June 27, 2023. The Group subscribed to the 3,000 thousand capital increase, thereby increasing its ownership to 99.47%. As a result, the non-controlling interest decreased by NT\$10 thousand on June 27, 2023.

Baohwa Trust Co., Ltd. issued 3,000 thousand new shares through a capital increase, raising a total of NT\$30,000 thousand on August 22, 2023. The Group subscribed to the 3,000 thousand shares, thereby increasing its ownership to 75%. As a result, the non-controlling interest increased by NT\$2,535 thousand on August 22, 2023.

##### Acquisition of additional interest of a subsidiary

In June 2023, the Group acquired an additional 2.75% of the voting shares of Aion Technologies Inc. from minority shareholders, increasing ownership percentage to 90.17%. A cash consideration of NT\$8,115 thousand was paid to the non-controlling interest shareholders, therefore non-controlling interest was reduced by NT\$8,115 thousand.

In July 2023, the Group acquired an additional 49% voting shares of Sunseap Solutions Taiwan Limited from minority shareholders, increasing its ownership to 100%. A cash consideration of NT\$14,700 thousand was paid to the non-controlling interest shareholders, therefore non-controlling interest was reduced by NT\$14,700 thousand. On July 31, 2023, the registered name was changed to "Star Power Solutions Taiwan Limited."

## 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
Goyu Building Materials Co., Ltd.	Associate
Goldsun Nihon Cement Co., Ltd.	Associate
GALC Inc.	Associate
HQ Design Co., Ltd.	Other related parties
Hobby Werks Co., Ltd.	Other related parties
Cheng-Shin Investment Company	Other related parties
Yuan-Shin Investment Company	Other related parties
Shin Lan Enterprise Inc.	Other related parties
Azure International Holdings Taiwan Inc.	Other related parties
Key management personnel	Other related parties

### Significant transactions with related parties

#### (1) Sales

	For the years ended December 31,	
	2023	2022
Associates		
Goldsun Building Materials Co., Ltd.	\$661,582	\$637,187
Anfeng Enterprise Co., Ltd.	328,225	322,035
Others	16,022	8,931
Subtotal	1,005,829	968,153
Other related parties	1,524	4,651
Total	\$1,007,353	\$972,804

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) Cost (including purchases and other operating costs)

	For the years ended December 31,	
	2023	2022
Entity with joint control or significant influence over the Company	\$47,499	\$49,489
Associates	89,217	95,100
Other related parties	2,948	1,641
<b>Total</b>	<b>\$139,664</b>	<b>\$146,230</b>

The Company's purchases from related parties are conducted in accordance with prevailing market conditions. The payment terms are equivalent to those offered to other suppliers.

(3) Accounts receivables from related parties

	As of December 31,	
	2023	2022
Associates		
Goldsun Building Materials Co., Ltd.	\$121,720	\$121,457
Anfeng Enterprise Co., Ltd.	117,035	136,573
Others	1,126	1,353
Subtotal	239,881	259,383
Other related parties	30	2,181
Total	239,911	261,564
Less: loss allowance	-	-
<b>Net</b>	<b>\$239,911</b>	<b>\$261,564</b>

(4) Accounts payable to related parties

	As of December 31,	
	2023	2022
Entity with joint control or significant influence over the Company	\$1,301	\$276
Associates	20,868	22,652
Other related parties	4,655	3,129
<b>Total</b>	<b>\$26,824</b>	<b>\$26,057</b>

(5) Right-of-use asset

	As of December 31,	
	2023	2022
Associates	\$8,144	\$13,800
Other related parties	14,979	11,412
Total	<u>\$23,123</u>	<u>\$25,212</u>

The lease deposits to related parties amounted to NT\$2,024 thousand for both years, as of December 31, 2023, and 2022.

(6) Other payables

	As of December 31,	
	2023	2022
Associates	\$684	\$605
Other related parties	383	95
Total	<u>\$1,067</u>	<u>\$700</u>

(7) Other current liabilities

	As of December 31,	
	2023	2022
Associates	\$321	\$6,137
Total	<u>\$321</u>	<u>\$6,137</u>

(8) Lease liabilities

	As of December 31,	
	2023	2022
Associates	\$8,362	\$14,120
Other related parties	15,032	11,475
Total	<u>\$23,394</u>	<u>\$25,595</u>

(9) Lease expenditure

	For the years ended December 31,	
	2023	2022
Associates	\$360	\$360
Other related parties	20	16
Total	<u>\$380</u>	<u>\$376</u>

(10) Property transactions

	As of December 31,	
	2023	2022
Entity with joint control or significant influence over the Company	\$3,271	\$1,789
Associates (Note 1)	379,900	1,065
Other related party (Note 2)	40,800	31,170
<b>Total</b>	<b>\$423,971</b>	<b>\$34,024</b>

Note 1: LeeBao Security Co., Ltd., a subsidiary of the Group, purchased land, buildings and equipment from, Goldsun Building Materials Co., Ltd. the associates of the Group on November 10, 2023, with a total transaction amount of NT\$380,000 thousand (including tax).

Note 2: Taiwan Secom Co., Ltd., the Company, purchased land and buildings from key management personnel of the Group on November 13, 2023, with a total transaction amount of NT\$9,284 thousand.

(11) Joint technological development

The Company has signed joint technological development contract with the entity with joint control or significant influence over the Company. The royalty fee was calculated in proportion of annual net sales deducted by related cost. The royalty fee was NT\$43,146 thousand and NT\$45,480 thousand for the years ended December 31, 2023 and 2022, respectively. The royalty payable was NT\$21,001 thousand and NT\$22,783 thousand as of December 31, 2023 and 2022, respectively, which was recognized as other payables.

(12) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$293,443	\$270,019
Post-employment benefits	2,403	2,339
<b>Total</b>	<b>\$295,846</b>	<b>\$272,358</b>

## 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, 2023	2022	
Financial assets measured at amortized cost, current	\$50,394	\$56,670	Contract security deposit
Financial assets measured at amortized cost, non-current	121,977	121,966	Contract security deposit and oil passbook guarantee
Property, plant and equipment - land and buildings	814,368	435,220	Long-term and short-term loans
Total	<u>\$986,739</u>	<u>\$613,856</u>	

## 9. Commitments and Contingencies

The performance guarantee issued by bank as of December 31, 2023 for customs declaration and bids for Government projects are NT\$300,469 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,	
	2023	2022
Financial assets mandatorily at fair value through profit or loss	\$257,417	\$250,832
Financial assets at fair value through other comprehensive income	453,378	442,848
Financial assets measured at amortized cost:		
Cash and cash equivalents	3,326,021	3,709,579
Financial assets measured at amortized cost	287,638	389,858
Trade receivables	1,983,439	1,976,208
Refundable deposits	359,050	335,863
Subtotal	5,956,148	6,411,508
Total	<u>\$6,666,943</u>	<u>\$7,105,188</u>

<u>Financial liabilities</u>	As of December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loans	\$125,000	\$830,000
Short-term bills payable	110,000	30,000
Trade and other payables	3,623,836	3,522,842
Long-term loans (include expired within one year)	4,858,339	4,152,839
Lease liabilities	1,116,177	875,910
Guarantee deposits	640,414	631,423
<b>Total</b>	<b>\$10,473,766</b>	<b>\$10,043,014</b>

(2) Financial risk management objectives and policies

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

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

In practice, it is rarely the case that a single risk variable will change independently from other risk 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, 2023 and 2022 is decreased/increased by NT\$2,124 thousand and NT\$4,526 thousand, respectively.
- (b) When NTD strengthens/weakens against RMB by 10%, the profit for the years ended December 31, 2023 and 2022 is decreased/increased by NT\$12 thousand and NT\$12 thousand, respectively.

#### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's loans and receivables at floating interest rates, bank borrowings with fixed interest rates and floating interest rates.

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

The interest rate sensitivity analysis is performed on items assumed to be possessed for a fiscal year and exposed to interest rate risk as of the end of the reporting period, including borrowings with floating interest rates. The analysis indicates that when the interest rates increase/decrease by ten basis points, the Group's profit would decrease/increase by NT\$4,983 thousand and NT\$4,982 thousand for the years ended December 31, 2023 and 2022, 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\$18,874 thousand and NT\$32,003 thousand on the equity attributable to the Group for the years ended December 31, 2023 and 2022, 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, 2023 and 2022, 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, 2023					
Borrowings	\$2,087,568	\$2,986,904	\$-	\$-	\$5,074,472

	Less than 1					Total
	year	2 to 3 years	4 to 5 years	> 5 years		
Short-term bills payable	110,000	-	-	-	-	110,000
Trade and other payables	3,623,836	-	-	-	-	3,623,836
Lease liabilities	348,862	469,092	255,113	87,322	1,160,389	

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

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	1 to 5	6 to 10	10 to 15		
	year	years	years	years	>15 years	
2023.12.31	\$348,862	\$724,205	\$69,722	\$17,600	\$-	\$1,160,389
2022.12.31	\$322,240	\$482,016	79,399	\$26,000	\$-	\$909,655

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 2023 is as follows:

	Balance of liabilities arising from financing activities				
	Short-term loans	Long-term loans	Lease liabilities	Short-term bills payable	financing activities
2023.1.1	\$830,000	\$4,152,839	\$875,910	\$30,000	\$5,888,749
Cash flow	(705,000)	705,500	(392,562)	80,000	(312,062)
Non-cash changes	-	-	632,829	-	632,829
2023.12.31	<u>\$125,000</u>	<u>\$4,858,339</u>	<u>\$1,116,177</u>	<u>\$110,000</u>	<u>\$6,209,516</u>

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	<u>\$830,000</u>	<u>\$4,152,839</u>	<u>\$875,910</u>	<u>\$30,000</u>	<u>\$5,888,749</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 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 in 2022. 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, 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value				
through profit or loss				
Fund	\$1,062	\$-	\$-	\$1,062
Convertible bond	-	-	42,138	42,138
Convertible preferred shares	-	-	49,677	49,677
Film and television investment				
agreement	-	-	164,540	164,540
Financial assets at fair value				
through other comprehensive				
income				
Equity instrument measured at fair				
value through other				
comprehensive income	188,740	-	264,638	453,378

As of December 31, 2022

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

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, 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				
	Convertible	Convertible	Film and	Simple	
	Stock	bond	preferred	television	Agreement
			shares	investment	for Future
				agreement	Equity
Beginning balances as of January 1, 2023	\$122,809	\$42,138	\$28,379	\$157,981	\$21,298
Total losses recognized for the year ended					
December 31, 2023:					
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)	35,249				
Acquisition/issue for the year ended					
December 31, 2023	115,023		21,298	68,513	
Disposition/acquittance for the year ended					
December 31, 2023	(8,443)			(61,954)	(21,298)
Ending balances as of December 31, 2023	<u>\$264,638</u>	<u>\$42,138</u>	<u>\$49,677</u>	<u>\$164,540</u>	<u>\$-</u>
	Assets				
Measured at					
fair value					
through other					
comprehensive					
income	fair value through profit or loss				
	Convertible	Convertible	Film and	Simple	
	Stock	bond	preferred	television	Agreement
			shares	investment	for Future
				agreement	Equity
Balance 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	<u>\$122,809</u>	<u>\$42,138</u>	<u>\$28,379</u>	<u>\$157,981</u>	<u>\$21,298</u>

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, 2023

	Significant		Relationship	
	Valuation techniques	unobservable inputs	Quantitative information	between inputs and fair value
Financial assets:				
Measured at fair value				
through other comprehensive income				
Stock	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value in the Group's equity by 10% increase (decrease) in the discount for lack of marketability, the would result in decrease/increase of the stocks NT\$19,267 thousand
Measured at fair value				
through profit or loss				
Convertible bond	Market approach	discount for lack of marketability	12.5%~23%	The higher the discount for lack of marketability, the lower the fair value in the Group's profit or loss by 10% increase (decrease) in the discount for lack of marketability, the would result in decrease/increase of the stocks NT\$4,214 thousand
Convertible preferred shares	Market approach	discount for lack of marketability	23%~25%	The higher the discount for lack of marketability, the lower the fair value in the Group's profit or loss by 10% increase (decrease) in the discount for lack of marketability, the would result in decrease/increase of the stocks NT\$4,968 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 in the Group's profit or loss by 10% increase (decrease) in the discount for lack of marketability, the would result in decrease/increase of the stocks NT\$16,454 thousand

As of December 31, 2022

	Significant Valuation techniques	unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
<b>Financial assets:</b>					
Measured at fair value					
		through other comprehensive income			
Stock	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value in the Group's equity by	10% increase (decrease) in the discount for lack of marketability would result in decrease/increase of the stocks 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 in the Group's profit or loss by	10% increase (decrease) in the discount for lack of marketability of the stocks 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 in the Group's profit or loss by	10% increase (decrease) in the discount for lack of marketability of the stocks 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 in the Group's profit or loss by	10% increase (decrease) in the discount for lack of marketability of the stocks 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 in the Group's profit or loss by	10% increase (decrease) in the discount for lack of marketability of the stocks NT\$15,798 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, 2023

	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)	\$-	\$-	\$74,890	\$74,890
Investments accounted for using the equity method (please refer to Note 6)	5,075,476	-	-	5,075,476

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

(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, 2023		
	Foreign currencies	Foreign exchange rate	NTD (thousand)
<b><u>Financial assets</u></b>			
Monetary items:			
USD	\$857,528	30.7050	\$26,330
EURO	519	33.9793	18
RMB	26,825	4.3270	116
JPY	6,780,797	0.2172	1,473

			December 31, 2023
	Foreign currencies	Foreign exchange rate	NTD (thousand)

#### Financial liabilities

Monetary items:

USD	\$165,734	30.7050	\$5,089
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			December 31, 2022
	Foreign currencies	Foreign exchange rate	NTD (thousand)

#### Financial assets

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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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 was NT\$2,150 thousand and NT\$7,430 thousand for the years ended December 31, 2023 and 2022, 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, 2023		
	Shares	Amount	Purpose of holding
Speed Investment Co., Ltd.	2,204,198	\$257,891	Financial assets at fair value through other comprehensive income
KuoHsing Security Co., Ltd.	3,625,284	424,158	Financial assets at fair value through other comprehensive income
Gowin Building Management and Maintenance Co., Ltd.	982,564	114,960	Financial assets at fair value through other comprehensive income
Goyun Security Co., Ltd.	252,820	29,580	Financial assets at fair value through other comprehensive income
Chung Hsing E-Guard Co., Ltd.	552,655	64,661	Financial assets at fair value through other comprehensive income
Lee Way Electronics Co., Ltd.	163,284	19,104	Financial assets at fair value through other comprehensive income
Golden Harvest Food Enterprise Ltd.	56,000	6,552	Financial assets at fair value through other comprehensive income
<b>Total</b>	<b>7,836,805</b>	<b>\$916,906</b>	

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
KuoHsing 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
<b>Total</b>	<b>9,079,805</b>	<b>\$907,981</b>	

(13) Certain 2022 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: None.
  - (f) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: Please refer to Attachment 5.
  - (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 five reportable operating segments as follows:

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

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, 2023

	Electronic systems segment	Security services segment	Cash delivery segment	Logistics services segment	Catering services segment	Subtotal	Other operating segments	Adjustment and elimination	Consolidated
<b>Revenue</b>									
External customer	\$7,181,462	\$2,343,390	\$1,252,598	\$1,020,152	\$1,636,485	\$13,434,087	\$3,639,890	\$-	\$17,073,977
Inter-segment	189,162	278,231	421,853	20,511	42,635	952,392	1,139,258	(2,091,650)	-
Total revenue	<u>\$7,370,624</u>	<u>\$2,621,621</u>	<u>\$1,674,451</u>	<u>\$1,040,663</u>	<u>\$1,679,120</u>	<u>\$14,386,479</u>	<u>\$4,779,148</u>	<u>(\$2,091,650)</u>	<u>\$17,073,977</u>
Interest revenue	3,595	1,824	4,108	1,414	7,203	18,144	12,201	(1,929)	28,416
Interest expenses	76,385	344	13,810	6,567	6,870	103,976	10,533	(1,991)	112,518
Depreciation and amortization	1,102,953	9,147	73,493	144,410	72,974	1,402,977	227,260	-	1,630,237
Segment profit	<u>\$2,620,881</u>	<u>\$486,557</u>	<u>\$667,355</u>	<u>\$38,297</u>	<u>\$59,794</u>	<u>\$3,872,884</u>	<u>\$1,020,320</u>	<u>(\$1,701,295)</u>	<u>\$3,191,909</u>
<b>Assets</b>									
<b>Investments</b>									
accounted for using the									
equity method	\$11,585,035	\$965,267	\$77,626	\$37,137	\$292,705	\$12,957,770	\$5,491,264	(\$13,967,391)	\$4,481,643
Segment assets	<u>\$21,533,496</u>	<u>\$2,196,275</u>	<u>\$3,336,941</u>	<u>\$1,600,781</u>	<u>\$1,783,506</u>	<u>\$30,450,999</u>	<u>\$12,078,417</u>	<u>(\$15,669,026)</u>	<u>\$26,860,390</u>
Segment liabilities	<u>\$8,945,749</u>	<u>\$279,263</u>	<u>\$1,546,712</u>	<u>\$886,994</u>	<u>\$807,000</u>	<u>\$12,465,718</u>	<u>\$2,522,617</u>	<u>(\$1,190,139)</u>	<u>\$13,798,196</u>

For the year ended December 31, 2022

	Electronic systems segment	Security services segment	Cash delivery segment	Logistics services segment	Catering services segment	Subtotal	Other operating segments	Adjustment and elimination	Consolidated
<b>Revenue</b>									
External customer	\$6,846,350	\$2,342,017	\$1,212,755	\$995,939	\$1,287,596	\$12,684,657	\$2,672,788	\$-	\$15,357,445
Inter-segment	169,030	276,808	409,191	20,701	56,774	932,504	1,156,937	(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>\$1,344,370</u>	<u>\$13,617,161</u>	<u>\$3,829,725</u>	<u>(\$2,089,441)</u>	<u>\$15,357,445</u>
Interest revenue	1,206	1,136	795	558	4,644	8,339	6,061	(1,005)	13,395
Interest expenses	46,962	391	10,544	1,869	3,050	62,816	4,481	(1,053)	66,244
Depreciation and amortization	1,072,260	9,709	74,564	94,104	60,320	1,310,957	202,219	-	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>(\$30,572)</u>	<u>\$3,831,178</u>	<u>\$835,661</u>	<u>(\$1,535,646)</u>	<u>\$3,131,193</u>
<b>Assets</b>									
<b>Investments</b>									
accounted for using the									
equity method	\$11,210,894	\$942,737	\$60,041	\$38,171	\$254,843	\$12,506,686	\$5,153,160	(\$13,429,667)	\$4,230,179
Segment assets	<u>\$21,380,584</u>	<u>\$2,161,961</u>	<u>\$3,029,293</u>	<u>\$1,264,403</u>	<u>\$1,657,410</u>	<u>\$29,493,651</u>	<u>\$10,811,519</u>	<u>(\$14,401,779)</u>	<u>\$25,903,391</u>
Segment liabilities	<u>\$9,338,859</u>	<u>\$294,582</u>	<u>\$1,258,243</u>	<u>\$533,174</u>	<u>\$732,147</u>	<u>\$12,157,005</u>	<u>\$1,779,448</u>	<u>(\$562,489)</u>	<u>\$13,373,964</u>

Inter-segment revenue is eliminated on consolidation and recorded under the “adjustment and elimination” column. All other adjustments and eliminations are disclosed below.

(2) Information on reconciliations of revenue, profit or loss, assets, liabilities and other material items of reportable segments:

(a) Revenue:

	For the years ended December 31,	
	2023	2022
Total revenue from reportable segments	\$14,386,479	\$13,617,161
Other revenue	4,779,148	3,829,725
Elimination of inter-segment revenue	(2,091,650)	(2,089,441)
<b>Total revenue</b>	<b>\$17,073,977</b>	<b>\$15,357,445</b>

(b) Profit or loss:

	For the years ended December 31,	
	2023	2022
Total profit or loss for reportable segments	\$3,872,884	\$3,831,178
Other profit	1,020,320	835,661
Elimination of inter-segment profit	(1,701,295)	(1,535,646)
<b>Profit before tax from continuing operations</b>	<b>\$3,191,909</b>	<b>\$3,131,193</b>

(c) Assets:

	As of December 31,	
	2023	2022
Total assets of reportable segments	\$30,450,999	\$29,493,651
Other assets	12,078,417	10,811,519
Elimination of investment accounted for using the equity method	(13,967,391)	(13,429,667)
Elimination of intersegment activities	(1,701,635)	(972,112)
<b>Segment assets</b>	<b>\$26,860,390</b>	<b>\$25,903,391</b>

(d) Liabilities:

	As of December 31,	
	2023	2022
Total liabilities of reportable segments	\$12,465,718	\$12,157,005
Other liabilities	2,522,617	1,779,448
Elimination of intersegment activities	(1,190,139)	(562,489)
<b>Segment liabilities</b>	<b>\$13,798,196</b>	<b>\$13,373,964</b>

(e) Other material items:

For the year ended December 31, 2023

	Reportable segments	Other operating segments	Adjustments	Consolidated
Interest income	\$18,144	\$12,201	\$(1,929)	\$28,416
Interest expenses	103,976	10,533	(1,991)	112,518
Depreciation and amortization	1,402,977	227,260	-	1,630,237
Investment profit	-	-	-	-

For the year ended December 31, 2022

	Reportable segments	Other operating segments	Adjustments	Consolidated
Interest income	\$8,339	\$6,061	\$(1,005)	\$13,395
Interest expenses	62,816	4,481	(1,053)	66,244
Depreciation and amortization	1,310,957	202,219	-	1,513,176
Investment profit	24,506	27,535	-	52,041

(3) Geographical information

Revenue from external customers

	For the years ended December 31,	
	2023	2022
Taiwan	\$17,073,977	\$15,357,445

## 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 2023</u>							
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Revenues	\$35,155	Note 4	-0.21%
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Costs	262,287	Note 4	1.53%
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Accounts payable	21,907	-	0.08%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Revenues	11,010	Note 4	0.06%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Costs	127,098	Note 4	0.74%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Accounts payable	56,075	-	0.21%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Notes payable	104,974	-	0.39%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Refundable Deposits	30,000	-	0.11%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Costs	128,911	Note 4	0.75%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Accounts payable	25,516	-	0.09%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Notes payable	24,759	-	0.09%
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	1	Revenues	18,771	Note 4	0.11%
0	Taiwan Secom Co., Ltd.	Ching-Dian Tech Co., Ltd.	1	Revenues	39,035	Note 4	0.23%
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Revenues	51,951	Note 4	0.30%
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Costs	8,926	Note 4	0.05%
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Accounts receivable	12,916	-	0.05%
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Revenues	53,803	Note 4	0.31%
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Costs	18,069	Note 4	0.11%
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Accounts receivable	53,423	-	0.20%
0	Taiwan Secom Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	1	Revenues	15,945	Note 4	0.09%
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	1	Revenues	10,378	Note 4	0.06%
1	Titan Star International Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	545,083	Note 4	3.18%
2	Aion Technologies Inc.	Taiwan Secom Co., Ltd.	2	Revenues	250,083	Note 4	1.46%
3	Goyun Security Co., Ltd.	KuoHsing Security Co., Ltd.	3	Revenues	74,218	Note 4	0.43%
4	Gowin Building Management and Maintenance Co., Ltd.	Gowin Security Co., Ltd.	3	Costs	120,268	Note 4	0.70%
5	LeeBao Security Co., Ltd.	LeeBao Technology Co., Ltd.	3	Revenues	86,375	Note 4	0.50%
6	Lee Way Electronics Co., Ltd.	Lee Yuan Biomedical Co., Ltd.	3	Revenues	61,789	Note 4	0.36%
7	Chung Hsing E-Guard Co., Ltd.	Lee Way Electronics Co., Ltd.	3	Revenues	53,335	Note 4	0.31%
8	Gowin Security Co., Ltd.	Goyun Security Co., Ltd.	3	Revenues	28,090	Note 4	0.16%

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.

Note 5: The disclosure criteria for significant transactions in this table are as follows: (1) Transactions between the parent company and its subsidiaries with amounts exceeding NT\$7,000 thousand. (2) Other transactions with amounts exceeding NT\$15,000 thousand.

(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	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	
												Item	Value			
0	Taiwan Secom Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	Other receivables - related parties	Yes	\$200,000	\$200,000	\$200,000	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	\$2,517,549	\$5,035,099
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	Other receivables - related parties	Yes	200,000	200,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	2,517,549	5,035,099
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	Other receivables - related parties	Yes	200,000	200,000	130,000	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	2,517,549	5,035,099
0	Taiwan Secom Co., Ltd.	TransAsia Catering Services Ltd.	Other receivables - related parties	Yes	150,000	150,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	2,517,549	5,035,099
0	Taiwan Secom Co., Ltd.	Goyun Technology Co., Ltd.	Other receivables - related parties	Yes	200,000	200,000	70,000	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	2,517,549	5,035,099
1	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	-	-	-	815,590	1,631,179
1	Speed Investment Co., Ltd.	SIGMU D.P.T. Company Ltd.	Other receivables - related parties	Yes	50,000	50,000	20,000	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	815,590	1,631,179
1	Speed Investment Co., Ltd.	Livingplus Food and Beverage Co. Ltd.	Other receivables - related parties	Yes	20,000	20,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	815,590	1,631,179
1	Speed Investment Co., Ltd.	Baohwa Trust Co., Ltd	Other receivables - related parties	Yes	10,000	10,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	815,590	1,631,179
2	LeeBao Security Co., Ltd.	LeeBao Technology Co., Ltd.	Other receivables - related parties	Yes	30,000	30,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	357,974	715,948
															(Note 7(2))	(Note 8)

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

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

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

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

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

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

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

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

Note 5 : According to the Interpretation Letter Ji-Mi (93) 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.

Note 7 : According to Fund loan and operating procedures of LeeBao Security Co., Ltd. limit of financing amount for individual counter-party is as follow :

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

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

Note 8 : Total financing amount of LeeBao Security Co., Ltd. shall not exceed 40% of the audited/reviewed net assets value of the most current period.

No.	Endorser/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 8)	Guarantee provided by a subsidiary (Note 8)	Guarantee provided to subsidiaries in Mainland China (Note 8)
		Company name	Relationship										
0	Taiwan Secom Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	(Note 1)	\$3,776,324 (Note 4)	\$260,328	\$256,328	\$6,328	\$-	2.04%	\$6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Gowin Smart Parking Co., Ltd.	(Note 1)	3,776,324 (Note 4)	124,300	124,300	24,300	-	0.99%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Guoyun Technology Co., Ltd.	(Note 1)	3,776,324 (Note 4)	450,000	450,000	-	-	3.57%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	(Note 1)	3,776,324 (Note 4)	1,500,000	1,000,000	100,000	-	7.94%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Brighton Technology and Engineering Corporation	(Note 1)	3,776,324 (Note 4)	400,000	260,000	-	-	2.07%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	TransAsia Catering Services Ltd.	(Note 1)	3,776,324 (Note 4)	292,000	248,000	248,000	-	1.97%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	SIGMU D.P.T. Company Ltd.	(Note 1)	3,776,324 (Note 4)	100,000	100,000	-	-	0.79%	6,293,874 (Note 4)	Y	N	N
1	Gowin Building Management	Taiwan Secom Co., Ltd.	(Note 2)	272,447 (Note 5)	3,310	3,310	3,310	-	0.36%	6,293,874 (Note 5)	N	Y	N
1	Gowin Building Management and Maintenance Co., Ltd.	Gowin Smart Parking Co., Ltd.	(Note 1)	272,447 (Note 5)	100,000	100,000	-	-	11.01%	6,293,874 (Note 5)	N	N	N
2	Speed Investment Co., Ltd.	Star Power Solutions Taiwan Limited	(Note 1)	1,223,384 (Note 6)	10,000	10,000	-	-	0.25%	6,293,874 (Note 6)	N	N	N
3	Goyun Security Co., Ltd.	Guoyun Technology Co., Ltd.	(Note 1)	180,505 (Note 7)	100,000	50,000	-	-	8.31%	6,293,874 (Note 7)	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 Gowin Building Management and Maintenance Co., Ltd. are as follows :

- (1) Total guarantee amount of the Company to net assets value from the latest financial statement shall not exceed 50%.
- (2) 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 6: 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 7: A subsidiary in which Goyun Security 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%. However, this does not apply to the guarantee/endorsement among companies where the open-released parent company directly or indirectly owned exceed 90% of the voting shares as defined in Article 13.
- (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 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.

(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>	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	362,266	6,144	2.08%	16.96	
	GAMA Pay Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,139,439	4,432	2.07%	3.89	
	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,591,367	53,534	10.49%	33.64	
	Raixin Quality Products Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	789,488	3,142	7.89%	3.98	
	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-							
<u>Lee Way Electronics Co., Ltd.</u>	Inline group Limited-USD 1,500,000	-	Financial assets at fair value through profit or loss, non-current	-	42,138	-	42,138	
	Listed companies stocks-							
<u>LeeBao Technology Co., Ltd.</u>	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income, current	163,284	19,104	0.04%	117.00	
	Unlisted companies stocks-							
<u>Tital Star International Co., Ltd.</u>	Huijia Health Life Technology Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	50,000	179	0.24%	3.58	
	Unlisted companies stocks-							
<u>Chung Hsing E-Guard Co., Ltd.</u>	GENIRON.COM Inc.	-	Financial assets at fair value through other comprehensive income, non-current	1,239,180	41,686	8.17%	33.64	
	Unlisted companies stocks-							
<u>Golden Harvest Food Enterprise Ltd.</u>	International Integrated Systems, Inc.	-	Financial assets at fair value through other comprehensive income, non-current	497,227	10,889	0.68%	21.90	
	Oriental Life Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	182,500	7,110	7.30%	38.96	
<u>Taiwan Secom Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income, current	552,655	64,661	0.12%	117.00	
<u>Taiwan Secom Co., Ltd.</u>	Listed companies stocks-							
	Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income, current	56,000	6,552	0.01%	117.00	

(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-	Parent Company	Financial assets at fair value through other comprehensive income, current	3,625,284	\$424,158	0.80%	\$117.00	
	Taiwan Secom Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	281,000	18,827	0.78%	67.00	
<u>Gowin Building Management and Maintenance Co., Ltd.</u>	Listed companies stocks-	Parent Company	Financial assets at fair value through other comprehensive income, current	982,564	114,960	0.22%	117.00	
<u>Lots Home Entertainment Co., Ltd.</u>	Unlisted companies stocks-	-	Financial assets at fair value through other comprehensive income, non-current	44,453	777	15.00%	17.48	
	The Tag-Along Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	1,000,000	9,090	6.90%	9.09	
<u>Goyun Security Co., Ltd.</u>	Daxiao Creative Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	44,000	3,378	5.50%	76.77	
	Yiyi Pictures Co., Ltd.		Financial assets at fair value through profit or loss, non-current	-	44,371	-	44,371	
<u>Speed Investment Co., Ltd.</u>	Film and television investment agreement	Parent Company	Financial assets at fair value through profit or loss, non-current	-	44,371	-	44,371	
	Listed companies stocks-		Financial assets at fair value through other comprehensive income, current	252,820	29,580	0.06%	117.00	
<u>TransAsia Catering Service Ltd.</u>	Taiwan Secom Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	181,500	12,160	0.50%	67.00	
	Wellpool Co., Ltd.		Financial assets at fair value through profit or loss, non-current	1,371,090	21,298	-	21,298.00	
<u>Aion Technologies Inc.</u>	Unlisted companies stocks-	-	Financial assets at fair value through other comprehensive income, non-current	83,750	167	2.17%	1.99	
	Top Taiwan VI Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	281,250	8,044	3.75%	28.60	
<u>MyStory Entertainment Co., Ltd.</u>	Yuji Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	300,000	1,272	2.40%	4.24	
	Imperial Food Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	2,644,005	100,023	8.64%	37.83	
<u>MyStory Entertainment Co., Ltd.</u>	Lumi Health Innovation Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,500,000	14,771	4.00%	9.85	
	Darjun Venture Corporation Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	200	1,062	0.74%	USD 173.12	
<u>MyStory Entertainment Co., Ltd.</u>	Fund-	-	Financial assets at fair value through profit or loss, current	17,046,000	136,880	5.68%	8.03	
	AsiaVest Opportunities Fund		Financial assets at fair value through profit or loss, current	15,000	605	0.00%	40.33	
<u>MyStory Entertainment Co., Ltd.</u>	Fund-	-	Financial assets at fair value through other comprehensive income, current	-	120,169	-	120,169	
	O-Bank No.1 Real Estate Investment Trust		Financial assets at fair value through other comprehensive income, current	-	120,169	-	120,169	
<u>MyStory Entertainment Co., Ltd.</u>	Listed companies stocks-	-	Financial assets at fair value through other comprehensive income, current	-	120,169	-	120,169	
	Taiwan Shin Kong Security Co., Ltd.		Financial assets at fair value through profit or loss, non-current	-	120,169	-	120,169	

Attachment 5

Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock

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

Company Name	Type of Properties	Transaction Date (Note)	Transaction Amount	Counter-party	Relationship	Price Reference	Purpose and Usage of Acquisition	Other Commitments
LeeBao Security Co., Ltd.	Land No. 373, Daxing Sec. Bade Dist., Taoyuan City Rights of ownership to the land: 1/1 No. 202, Chongqing St., Bade Dist., Taoyuan City Ownership title to the building: 1/1 and machinery and equipment on the building.	2023.11.10	\$ 380,000	Goldsun Building Materials Co., Ltd.	Related Party	Referencing the appraisal from the third party, Gold Real Estate Appraisal Co., Ltd. Joint Office, and the decision is made after negotiation between the two parties involved in the transaction.	Operational consideration and expansion for operational use	None

Note 1: For assets acquired that are required to be appraised according to regulations, the appraisal results should be noted in the column of "Basis for Price Determination".

Note 2: The paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10,

the provision of transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to owners of the parent company on the balance sheet.

Note 3: The date of transaction refers to the earliest date among the contract signing date, payment date, commission transaction date, transfer date, board resolution date,

or any other date that can determine the counterparty and transaction amount.

Note 4: The date of transaction refers to the date of the contract signing. The company has acquired the right to transfer property ownership on December 28, 2023.

## Attachment 6

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	\$250,083	Note 1	30-60 days	\$-	-	\$(50,275)	(8)%	
	Anfeng Enterprise Co., Ltd.	Investee accounted for using the equity method	Sales	(261,393)	-3%	30-60 days	-	-	111,055	10%	
	LeeBao Security Co., Ltd.	Subsidiary accounted for using the equity method	Purchase	262,287	6%	30-60 days	-	-	(21,907)	(3)%	
	Titan Star International Co., Ltd.	Subsidiary accounted for using the equity method	Note 2	545,083	Note 2	30-60 days	-	-	(161,049)	25%	
<u>Goldsun Express &amp; Logistics Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Investee accounted for using the equity method	Note 3	(543,644)	Note 3	30 days	-	-	105,578	64%	

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 revenue.

## 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	\$111,055	2.16	\$-	\$-	\$26,036	\$-

※ 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			
<u>Taiwan Secom Co., Ltd.</u>	Speed Investment Co., Ltd.	Taipei City	Investment holding	\$198,200	\$198,200	311,124,598	100.00%	\$3,478,014	\$277,793	\$202,521
	LeeBan Security Co., Ltd.	Taipei City	Security services providing	198,006	198,006	103,983,458	100.00%	1,789,863	323,368	322,946
	Goyun Security Co., Ltd.	Kaohsiung City	Security services providing	40,034	40,034	27,705,510	100.00%	566,601	101,132	99,725
	Chung Hsing E-Guard Co., Ltd.	Taipei City	Sales of electric, telecommunications and fireproof products	20,000	20,000	2,000,000	100.00%	11,899	2,896	133
	Goldsun Express & Logistics Co., Ltd.	New Taipei City	Air cargo transporting services	613,878	613,878	59,464,914	100.00%	677,064	29,790	29,442
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	-	-	29,321,619	83.77%	642,830	224,554	172,604
	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	101,911	101,911	28,463,488	80.96%	588,007	241,351	189,972
	Aion Technologies Inc.	Taipei City	Technology support services	186,358	178,243	15,576,721	90.17%	252,633	56,718	31,143
	Zhong Bao Insurance Services Inc.	Taipei City	Insurance broker	13,063	13,063	912,600	90.00%	29,401	7,860	7,074
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	87,125	87,125	6,858,894	34.29%	132,235	106,216	32,677
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital video and movie distribution	186,480	186,480	683,920	1.93%	4,115	2,700	52
	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%	684,747	5,363	3,848
	Brightron Technology and Engineering Corporation	Taipei City	Light controlling system services	6,776	6,776	2,085,434	5.18%	13,223	2,109	(3,170)
	Golden Harvest Food Enterprise Ltd.	Taipei City	Catering services	520,874	520,874	12,010,227	97.84%	571,302	52,182	50,835
	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%	1,828,144	3,530,978	232,579
	TransAsia Airways Corp.	Taipei City	Aviation services	833,409	833,409	76,245,604	10.05%	-	-	-
	Tech Elite Holdings Ltd.	Hong Kong	Investment holding	66,416	66,416	2,000,000	39.22%	-	-	-
	Anfeng Enterprise Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	10,820	10,820	900,000	30.00%	16,061	6,942	2,083
	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%	286,117	(9,334)	(3,969)
	GALC Inc.	Taipei City	Manufacturing of metal structures and building components	9,000	9,000	900,000	30.00%	12,779	11,426	3,428
<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	133,806,110	100.00%	2,139,492	224,301	224,301
	Jiansheng International Co., Ltd.	Taipei City	Medical equipment and AED rental services	20,000	20,000	2,000,000	100.00%	20,552	442	467
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital video and movie distribution	375,568	375,568	29,865,578	84.10%	180,163	2,700	2,338
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	147,780	147,780	13,992,000	93.28%	158,347	9,891	7,999
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	103,446	103,446	9,385,856	46.93%	210,708	106,216	50,858
	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%	71,715	5,363	397
	Zhong Bao Insurance Services Inc.	Taipei City	Insurance broker	1,927	1,927	101,400	10.00%	3,267	7,860	786
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	144,679	89,181	10,472,699	0.89%	232,440	3,530,978	25,952
	Brightron Technology and Engineering Corporation	Taipei City	Light controlling system services	124,740	124,740	28,201,692	70.00%	254,962	2,109	(142)
	Star Power Solutions Taiwan Limited	Taipei City	Energy-saving solutions technology	30,000	15,300	3,000,000	100.00%	7,263	(9,004)	(5,968)
	Epic Tech Taiwan Inc.	Taipei City	Information management platform	79,200	55,200	3,804,525	79.58%	21,327	(22,008)	(17,485)
	MyStory Entertainment Co., Ltd.	Taipei City	Video content development and investment	102,000	102,000	10,200,000	51.00%	87,662	(22,229)	(11,337)
	Baohwa Trust Co., Ltd.	Taipei City	Information Security Services	60,000	30,000	6,000,000	75.00%	30,951	(21,828)	(13,782)
	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	20,000	20,000	2,000,000	94.67%	12,766	(3,845)	(3,828)
<u>Titan Star International Co., Ltd.</u>	eSkylink Inc.	Taipei City	Telecom value-added network services	7,301	7,301	884,016	19.71%	28,203	40,011	8,072
	Brightron Technology and Engineering Corporation	Taipei City	Light controlling system services	30,244	30,244	2,303,654	5.72%	32,035	2,109	35
	TransAsia Airways Corp.	Taipei City	Aviation Services	54,007	54,007	4,405,028	0.58%	-	-	-
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	317,979	317,979	43,923,710	3.72%	935,803	3,530,978	131,407
	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%	63,910	5,363	496

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

※ 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 &amp; Logistics Co., Ltd.</u>	Goldsun Express Co., Ltd.	Taipei City	The custom broker services	\$26,833	\$26,833	3,316,248	100.00%	\$37,137	\$949	\$949	
<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%	45,905	241,351	14,739	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%	11,258	9,891	662	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	42,045	42,045	4,531,136	0.38%	76,721	3,530,978	13,510	
	Guoyun Technology Co., Ltd.	Kaohsiung City	Car parking lot services	150,000	150,000	20,000,000	100.00%	206,938	6,516	6,516	
	Lots Home Entertainment Co., Limited	Taipei City	Digital video and movie distribution	1,814	1,814	1,240,668	3.49%	7,441	2,700	94	
<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%	135,440	241,351	31,079	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%	42,745	106,216	9,975	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	287,475	287,475	16,300,599	1.38%	384,317	3,530,978	48,757	
	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%	9,098	866	866	
	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%	45,403	5,363	280	
<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%	85,106	17,240	17,209	Note 1
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	12,515	12,515	506,692	1.45%	18,094	224,554	3,929	
	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	94,214	79,807	5,029,913	0.43%	104,419	3,530,978	11,328	
	Gowin Smart Parking Co., Ltd.	Taipei City	Car parking lot services	100,000	50,000	10,000,000	100.00%	125,850	23,364	23,349	
	Lee Way Electronics Co., Ltd.	Taipei City	Medical equipment and AED rental services	30,000	30,000	5,000,000	100.00%	115,371	49,708	49,708	
<u>LeeBao Security Co., Ltd.</u>	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%	31,916	5,363	264	
	LeeBao Technology Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	50,000	50,000	5,000,000	100.00%	71,173	6,758	6,758	
<u>Brighton Technology and Engineering Corporation</u>	Baohong Technology Co., Ltd.	Taipei City	Information software services	6,500	6,500	650,000	65.00%	6,453	(50)	(36)	
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	76,600	76,600	3,499,811	0.30%	92,079	3,530,978	9,249	
<u>Epic Tech Taiwan Inc.</u>	Epic Tech Taiwan Inc.	Taipei City	Information management platform	19,800	13,800	951,131	19.89%	5,332	(22,008)	(4,371)	
	Global Food Co., Ltd.	Taoyuan City	Retail of food product	18,000	18,000	1,800,000	30.00%	23,092	11,302	3,398	
	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	205,172	205,172	7,931,574	0.67%	207,765	3,530,978	23,729	
<u>Living Plus Food &amp; Beverage Co., Ltd.</u>	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	14,180	14,180	112,700	5.33%	719	(3,845)	395	
	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	101,478	101,478	4,145,000	0.35%	114,084	3,530,978	12,403	
	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	66,118	66,118	6,760,906	0.57%	139,617	3,530,978	20,196	
<u>Pony Drink Dream Co., Ltd.</u>	Pony Drink Dream Co., Ltd.	Taipei City	Catering services	-	7,000	-	0.00%	-	(2,999)	(1,302)	
	Tai-Shun Shi Ye Co., Ltd.	Taipei City	Garment Industry	29,900	29,900	2,990,000	100.00%	61,129	33,443	32,754	
<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%	63,676	4,150	4,150	
	Comlink Fire Systems Inc.	Taoyuan City	Wholesale of fire safety equipment	40,917	40,917	206,250	100.00%	14,860	(608)	(608)	
<u>LeeBao Technology Co., Ltd.</u>	Baohong Technology Co., Ltd.	Taipei City	Network software services	500	500	50,000	5.00%	496	(50)	(3)	
	Litenet Corporation	Taipei City	Light controlling system services	2,000	-	200,000	100.00%	1,946	(54)	(54)	

(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, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2023
					Outflow	Inflow						
Vixun (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 2023/12/31	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
\$-	\$120,801	\$7,837,317

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%

## 6-5 Latest Individual Financial Statements of the Company Audited and Certified by CPAs

### **Independent Auditors' Report Translated from Chinese**

To Taiwan Secom Co., Ltd.

#### **Opinion**

We have audited the accompanying parent company only balance sheets of Taiwan Secom Co., Ltd. (the “Company”) as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and notes to the parent company only financial statements, including the summary of material 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, 2023 and 2022, and its financial performance and cash flows for the years ended December 31, 2023 and 2022, 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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the 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 2023 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\$7,645,284 thousand for the year ended December 31, 2023, 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 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.

### **Auditors' 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 auditors' 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 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 auditors' 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 auditors' 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 and its subsidiaries 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 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' 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 12, 2024

**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.

English Translation of Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2023 and December 31, 2022  
(Expressed in Thousands of New Taiwan Dollars)

No.	Assets	Notes	As of			
			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6	\$579,718	3	\$936,635	4
1110	Financial assets at fair value through profit or loss, current	4, 5 and 6	-	-	42,138	-
1120	Financial assets at fair value through other comprehensive income, current	4, 5 and 6	-	-	39,919	-
1140	Contract assets, current	4 and 6	22,595	-	11,900	-
1150	Notes receivable, net	4, 5 and 6	142,664	1	162,986	1
1170	Accounts receivable, net	4, 5 and 6	663,042	3	664,729	3
1180	Accounts receivable from related parties, net	4, 6 and 7	191,105	1	199,737	1
1197	Finance lease receivables, net	4, 5 and 6	67,865	-	80,831	1
1210	Other receivables from related parties	7	400,000	2	-	-
130x	Inventories, net	4 and 6	181,116	1	172,058	1
1410	Prepayments		476,436	2	485,718	2
1470	Other current assets		47,069	-	73,573	-
11xx	Total current assets		<u>2,771,610</u>	<u>13</u>	<u>2,870,224</u>	<u>13</u>
	Non-current assets					
1511	Financial assets at fair value through profit or loss, non-current	4, 5 and 6	70,517	-	28,379	-
1517	Financial assets at fair value through other comprehensive income, non-current	4, 5 and 6	67,252	-	57,641	-
1535	Financial assets measured at amortized cost, non-current	4, 6 and 8	11,500	-	11,500	-
1550	Investments accounted for using the equity method	4, 5 and 6	11,585,035	54	11,210,894	53
1600	Property, plant and equipment	4, 6 and 7	5,687,452	27	5,799,589	28
1755	Right-of-use assets	4, 6 and 7	173,630	1	236,322	1
1760	Investment property, net	4, 5 and 6	281,448	1	281,674	1
1780	Intangible assets	4 and 6	95,314	-	108,219	1
1840	Deferred tax assets	4, 5 and 6	315,408	2	316,859	1
1915	Prepayment for equipment		8,706	-	10,887	-
1920	Refundable deposits	7	235,863	1	233,203	1
1932	Long-term receivables	5 and 6	53,595	-	38,376	-
194D	Long-term finance lease receivables	4, 5 and 6	123,561	1	143,359	1
1990	Other assets, non-current		52,605	-	33,458	-
15xx	Total non-current assets		<u>18,761,886</u>	<u>87</u>	<u>18,510,360</u>	<u>87</u>
1xxx	Total assets		<u><u>\$21,533,496</u></u>	<u><u>100</u></u>	<u><u>\$21,380,584</u></u>	<u><u>100</u></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, 2023 and December 31, 2022  
(Expressed in Thousands of New Taiwan Dollars)

No.	Liabilities and Equity	Notes	As of			
			December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
	Current liabilities					
2100	Short-term loans	4 and 6	\$-	-	\$800,000	3
2130	Contract liabilities, current	4 and 6	1,297,451	6	1,296,105	6
2150	Notes payable		163,855	1	205,342	1
2160	Notes payable to related parties	7	143,111	1	155,622	1
2170	Accounts payable		219,649	1	200,247	1
2180	Accounts payable to related parties	7	111,748	-	83,167	-
2200	Other payables	7	635,984	3	653,409	3
2230	Current tax liabilities	4, 5 and 6	148,961	1	142,437	1
2280	Lease liabilities, current	6 and 7	86,174	-	133,137	1
2320	Current portion of long-term loans	4 and 6	1,700,000	8	2,300,000	11
2300	Other current liabilities		82,252	-	74,431	-
21xx	Total current liabilities		4,589,185	21	6,043,897	28
	Non-current liabilities					
2527	Contract Liabilities, non-current	4 and 6	3,813	-	12,237	-
2540	Long-term loans	4 and 6	2,500,000	12	1,400,000	7
2550	Provisions, non-current	4	7,200	-	7,200	-
2580	Lease liabilities, non-current	6 and 7	88,180	-	102,306	-
2610	Long-term notes payables and accounts payables	4	442	-	-	-
2640	Net defined benefit liabilities, non-current	4, 5 and 6	1,193,710	6	1,207,446	6
2645	Guarantee deposits	6	563,219	3	565,773	3
25xx	Total non-current liabilities		4,356,564	21	3,294,962	16
2xxx	Total liabilities		8,945,749	42	9,338,859	44
	Equity attributable to the parent					
3110	Common stock	6	4,511,971	21	4,511,971	21
3200	Capital surplus	6	1,063,044	5	906,891	4
3300	Retained earnings	6				
3310	Legal reserve		4,485,859	21	4,220,058	19
3320	Special reserve		91,087	-	15,352	-
3350	Unappropriated earnings		2,725,093	12	2,741,795	13
3400	Other components of equity	4 and 6	(56,445)	-	(91,087)	-
3500	Treasury stock	4 and 6	(232,862)	(1)	(263,255)	(1)
3xxx	Total equity		12,587,747	58	12,041,725	56
	Total liabilities and equity		\$21,533,496	100	\$21,380,584	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, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

No.	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	4 and 7	\$7,674,065	100	\$7,318,357	100
4700	Less : Sales returns and allowances		(28,781)	-	(30,897)	-
4100	Net revenue	6	7,645,284	100	7,287,460	100
5000	Operating costs	6 and 7	(4,045,441)	(53)	(3,848,618)	(53)
5900	Gross profit		3,599,843	47	3,438,842	47
6000	Operating expenses	6 and 7				
6100	Sales and marketing expenses		(855,606)	(11)	(705,069)	(10)
6200	General and administrative expenses		(1,176,778)	(15)	(1,181,626)	(16)
6300	Research and development expenses		(108,210)	(2)	(108,624)	(1)
6450	Expected credit losses		(5,000)	-	(10,987)	-
	Subtotal		(2,145,594)	(28)	(2,006,306)	(27)
6900	Operating income		1,454,249	19	1,432,536	20
7000	Non-operating income and loss					
7100	Interest income	6 and 7	3,595	-	1,206	-
7010	Other income	6	20,385	-	25,471	-
7020	Other gains and losses	6 and 7	119,775	2	50,047	1
7050	Finance costs	6	(76,385)	(1)	(46,962)	(1)
7070	Share of profit or loss of associates accounted for using the equity method	4	1,373,923	18	1,413,827	19
	Subtotal		1,441,293	19	1,443,589	19
7900	Income before income tax		2,895,542	38	2,876,125	39
7950	Income tax expenses	4, 5 and 6	(304,289)	(4)	(297,384)	(4)
8200	Net income		2,591,253	34	2,578,741	35
8300	Other comprehensive income					
8310	Items that will not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans	6	(43,192)	(1)	12,866	-
8316	Unrealized gains (losses) on financial assets at fair value through other comprehensive income	6	33,068	-	(17,554)	-
8330	Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss	6	42,128	1	(31,482)	-
8349	Income tax related to items that will not be reclassified	6	5,183	-	(1,544)	-
8360	Items that may be reclassified subsequently to profit or loss					
8380	Share of other comprehensive income of associates and joint ventures	6	1,809	-	41,253	-
	Total other comprehensive (loss) income, net of tax		38,996	-	3,539	-
8500	Total comprehensive income		\$2,630,249	34	\$2,582,280	35
	Earnings per share (NT\$)	4 and 6				
9750	Basic earnings per share		\$5.85		\$5.85	
9850	Diluted earnings per share		\$5.85		\$5.84	

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, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Description	Common Stock	Capital surplus	Legal Reserve	Retained Earnings		Other Components of Equity		Treasury stock	Total Equity
					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		
A1	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									
B1	Legal reserve	-	-	249,266	-	(249,266)	-	-	-	-
B3	Reversal of Special reserve	-	-	-	(85,032)	85,032	-	-	-	-
B5	Cash dividends	-	-	-	-	(2,255,986)	-	-	-	(2,255,986)
	Other changes in capital reserve									
C7	Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	5,020	-	-	-	-	-	-	5,020
D1	Net income in 2022	-	-	-	-	2,578,741	-	-	-	2,578,741
D3	Other comprehensive (loss) income, net of tax in 2022	-	-	-	-	50,271	41,253	(87,985)	-	3,539
D5	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)	-	-
Z1	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>
A1	Balance as of January 1, 2023	<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>
	Appropriations and distributions of 2022 unappropriated earnings									
B1	Legal reserve	-	-	265,801	-	(265,801)	-	-	-	-
	Special reserve	-	-	-	75,735	(75,735)	-	-	-	-
B5	Cash dividends	-	-	-	-	(2,255,986)	-	-	-	(2,255,986)
	Other changes in capital reserve									
C7	Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	7,733	-	-	-	-	-	-	7,733
	Overdue dividend collection	-	(74)	-	-	-	-	-	-	(74)
D1	Net income in 2023	-	-	-	-	2,591,253	-	-	-	2,591,253
D3	Other comprehensive income, net of tax in 2023	-	-	-	-	(62,037)	1,809	99,224	-	38,996
D5	Total comprehensive income	-	-	-	-	2,529,216	1,809	99,224	-	2,630,249
	Disposal of company's share by subsidiaries recognized as treasury stock transaction	-	105,618	-	-	-	-	-	30,393	136,011
	Parent company's cash dividends received by subsidiaries	-	42,876	-	-	-	-	-	-	42,876
	Disposal of equity instrument at fair value through other comprehensive income by subsidiaries	-	-	-	-	43,375	-	(43,375)	-	-
	Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	23,016	-	(23,016)	-	-
	Increase (decrease) through changes in interests in subsidiaries	-	-	-	-	(14,787)	-	-	-	(14,787)
Z1	Balance as of December 31, 2023	<u>\$4,511,971</u>	<u>\$1,063,044</u>	<u>\$4,485,859</u>	<u>\$91,087</u>	<u>\$2,725,093</u>	<u>\$(59,299)</u>	<u>\$2,854</u>	<u>\$(232,862)</u>	<u>\$12,587,747</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, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Description	2023	2022	Description	2023	2022
<b>Cash flows from operating activities:</b>			<b>Cash flows from investing activities:</b>		
Profit before tax from continuing operations	\$2,895,542	\$2,876,125	Acquisition of financial assets at fair value through profit or loss	-	(28,379)
Income before tax	2,895,542	2,876,125	Acquisition of financial assets at fair value through other comprehensive income	-	(152)
Adjustments to reconcile net income before tax to net cash provided by operating activities:			Proceeds from disposal of financial assets at fair value through other comprehensive income	57,943	314
Expected credit losses	5,000	10,987	Capital deducted by cash of financial assets at fair value through other comprehensive income	5,434	2,860
Depreciation	1,040,491	1,023,718	Acquisition of investments accounted for using the equity method	(8,115)	(619,761)
Amortization	62,462	48,542	Acquisition of property, plant and equipment	(598,350)	(727,095)
Interest expense	76,385	46,962	Proceeds from disposal of property, plant and equipment	7,841	7,756
Interest income	(3,595)	(1,206)	Acquisition of intangible assets	(49,557)	(89,906)
Dividend income	(1,591)	(7,676)	Decrease in prepayment for equipment	2,181	87,553
Share of profit or loss of associates and accounted for using the equity method	(1,373,923)	(1,413,827)	(Increase) decrease in refundable deposits	(2,660)	1,141
Gain on lease modification	(5)	(3)	Increase in other receivables	(400,000)	-
Gain on disposal of property, plant and equipment	(1,487)	(5,110)	Increase in other current assets	(19,147)	(4,323)
Impairment loss	-	45,000	Dividends received	1,225,257	692,250
Changes in operating assets and liabilities:			Interest received	435	-
Contract assets	(10,695)	11,182	Net cash provided by (used in) investing activities	221,262	(677,742)
Notes receivable, net	20,322	(24,029)	<b>Cash flows from financing activities:</b>		
Accounts receivable, net	(3,313)	(91,325)	(Decrease) increase in short-term loans	(800,000)	500,000
Accounts receivable from related parties, net	8,632	(38,186)	Increase in long-term loans	6,500,000	1,300,000
Finance lease receivables	32,764	25,773	Decrease in long-term loans	(6,000,000)	(640,000)
Long-term receivables	(15,219)	(1,491)	Decrease in guarantee deposits	(2,731)	(18,189)
Contract liabilities	(7,078)	113,100	Cash payments for the principal portion of lease liability	(145,579)	(146,354)
Inventories, net	(200,514)	(172,931)	Cash dividends paid	(2,255,986)	(2,255,986)
Prepayments	9,282	(14,346)	Overdue dividend collection	(74)	-
Other current assets	26,504	49,297	Net cash used in financing activities	(2,704,370)	(1,260,529)
Notes payable	(41,487)	106,105	Net (decrease) increase in cash and cash equivalents	(356,917)	217,027
Notes payable to related parties	(12,510)	5,795	Cash and cash equivalents at the beginning of the year	936,635	719,608
Accounts payable	19,844	(82,117)	Cash and cash equivalents at the end of the year	\$579,718	\$936,635
Accounts payable to related parties	28,581	8,180			
Other payables	(17,425)	37,855			
Other current liabilities	7,818	3,133			
Net defined benefit liabilities, non-current	(56,928)	(71,613)			
Cash generated from operations	2,487,857	2,487,894			
Interest received	3,160	1,206			
Interest paid	(73,697)	(44,440)			
Income tax paid	(291,129)	(289,362)			
Net cash provided by operating activities	2,126,191	2,155,298			

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, 2023 AND 2022

(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, 2023 and 2022 were authorized for issue by the Board of Directors on March 12, 2024.

3. Newly Issued or Revised Standards and Interpretations

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

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended 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 of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 “Insurance Contracts”	January 1, 2023
c	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

(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 January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

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, 2023 and 2022 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 comprise 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 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. 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 represent 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 recognizes 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, maximizing 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 amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

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

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

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

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

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

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

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

## 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 probable 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 have 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 have a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets.

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

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

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

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan.

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

- A. the date of the plan amendment or curtailment, and
- B. the date that the Company recognizes restructuring-related costs

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

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

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

### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- 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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- 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, 2023.

### 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,	
	2023	2022
Petty cash	\$5,615	\$5,675
Checking and saving accounts	574,103	930,960
Total	<u><u>\$579,718</u></u>	<u><u>\$936,635</u></u>

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

	As of December 31,	
	2023	2022
Financial assets mandatorily at fair value through profit or loss:		
Convertible bond	\$42,138	\$42,138
Convertible preferred shares	28,379	28,379
Total	<u><u>\$70,517</u></u>	<u><u>\$70,517</u></u>
	\$-	\$42,138
Current	<u>70,517</u>	<u>28,379</u>
Non-current	<u><u>\$70,517</u></u>	<u><u>\$70,517</u></u>

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

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

	As of December 31,	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income:		
Listed companies' stocks	\$-	\$39,919
Unlisted companies' stocks	67,252	57,641
Total	<u><u>\$67,252</u></u>	<u><u>\$97,560</u></u>
	\$-	\$39,919
Current	<u>67,252</u>	<u>57,641</u>
Non-current	<u><u>\$67,252</u></u>	<u><u>\$97,560</u></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, 2023 and 2022 are as follow:

	For the years ended December 31,	
	2023	2022
Related to investments held at the end of the reporting period	\$1,591	\$7,676
Related to investments derecognized during the period	-	-
Dividends recognized during the period	\$1,591	\$7,676

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, 2023 and 2022 are as follow:

	For the years ended December 31,	
	2023	2022
The fair value of the investments at the date of derecognition	\$63,377	\$3,174
The cumulative gain or loss on disposal reclassified from other equity to retained earnings	23,016	103

(4) Financial assets measured at amortized cost

	As of December 31,	
	2023	2022
Time deposits	\$11,500	\$11,500
Less: loss allowance	-	-
Total	\$11,500	\$11,500
Current	\$-	\$-
Non-current	11,500	11,500
Total	\$11,500	\$11,500

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

(5) Notes receivable

	As of December 31,	
	2023	2022
Notes receivable arising from operating activities	\$142,664	\$162,986
Less: loss allowance	-	-
<b>Total</b>	<b>\$142,664</b>	<b>\$162,986</b>

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,	
	2023	2022
Accounts receivable	\$694,114	\$693,766
Less: loss allowance	(31,072)	(29,037)
<b>Subtotal</b>	<b>663,042</b>	<b>664,729</b>
Accounts receivable from related parties	191,105	199,737
Less: loss allowance	-	-
<b>Subtotal</b>	<b>191,105</b>	<b>199,737</b>
Long-term receivables	53,595	38,376
Less: loss allowance	-	-
<b>Subtotal</b>	<b>53,595</b>	<b>38,376</b>
<b>Total</b>	<b>\$907,742</b>	<b>\$902,842</b>

Accounts receivable were not pledged.

Trade receivables are generally on 30-90 day terms. The total carrying amount as of December 31, 2023 and 2022 are NT\$938,814 thousand and NT\$931,879 thousand, respectively. Please refer to Note 6(18) for more details on loss allowance of trade receivables for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(7) Inventories

	As of December 31,	
	2023	2022
Merchandise inventories	\$181,116	\$172,058

The cost of inventories recognized in expenses amounted to NT\$447,944 thousand and NT\$474,731 thousand for the years ended December 31, 2023 and 2022, 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, 2023 and 2022.

Inventories were not pledged.

(8) Investments accounted for using the equity method

Investees	As of December 31,			
	2023		2022	
	Carrying amount	Percentage of ownership (%)	Carrying amount	Percentage of ownership (%)
Investments in subsidiaries:				
Speed Investment Co., Ltd.	\$3,478,014	100.00	\$3,192,308	100.00
LeeBao Security Co., Ltd.	1,789,863	100.00	1,770,928	100.00
Goyun Security Co., Ltd.	566,601	100.00	603,439	100.00
Chung Hsing E-Guard Co., Ltd.	11,899	100.00	11,503	100.00
Goldsun Express & Logistics Co., Ltd	677,064	100.00	693,819	100.00
KuoHsing Security Co., Ltd.	642,830	83.77	626,467	83.77
Gowin Building Management and Maintenance Co., Ltd.	588,007	80.96	635,825	80.96
Aion Technologies Inc. (Note 1)	252,633	90.17	235,714	87.42
Taiwan Secom Insurance Brokerage Services Inc.	29,401	90.00	27,985	90.00
Lee Way Electronics Co., Ltd.	132,235	34.29	124,331	34.29
Lots Home Entertainment Co., Ltd.	4,115	1.93	4,030	1.93
TransAsia Catering Services Ltd.	684,747	67.02	683,380	67.02
Brightron Technology and Engineering Corporation	13,223	5.18	16,394	5.18
Golden Harvest Food Enterprise Ltd.	571,302	97.84	520,193	97.84
Subtotal	<u>9,441,934</u>		<u>9,146,316</u>	
Investments in associates:				
Goldsun Building Materials Co., Ltd.	1,828,144	6.59	1,747,174	6.59
TransAsia Airways Corp.	-	10.05	-	10.05
Tech Elite Holdings Ltd.	-	39.22	-	39.22
Anfeng Enterprise Co., Ltd.	16,061	30.00	15,238	30.00
GALC Inc.	12,779	30.00	12,080	30.00
HuaYa Development Co., Ltd.	<u>286,117</u>	42.52	<u>290,086</u>	42.52
Subtotal	<u>2,143,101</u>		<u>2,064,578</u>	
Total	<u><u>\$11,585,035</u></u>		<u><u>\$11,210,894</u></u>	

Note 1: The Company acquired 439,003 shares and 35,278 shares of Aion Technologies Inc. from minority shareholders for NT\$7,511 thousand and NT\$604 thousand during June 2023, respectively. The Company's ownership percentage increased to 90.17%.

#### 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.

The investment in TransAsia Airways Corp., an investee of the Group, was recognized in investments accounted for using the equity method. In 2016, Full impairment loss has been provisioned after assessing the recoverability of the investment. On January 11, 2017, the shareholders meeting of TransAsia Airways Corp. approved the liquidation proposal. TransAsia Airways Corp. filed for bankruptcy in June 2018.

Information on the material associate of the Company:

Company name: Goldsun Building Materials Co., Ltd.

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

Principal place of business (country of incorporation): Taiwan

Fair value of the investment in the associate when there is a quoted market price for the investment: Goldsun Building Materials Co., Ltd. is listed on the Taiwan Stock Exchange (TWSE). The fair value of the investment in Goldsun Building Materials Co., Ltd. was NT\$2,187,417 thousand and NT\$1,962,070 thousand, as of December 31, 2023 and 2022, 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,	
	2023	2022
Current assets	\$12,555,138	\$12,657,734
Non-current assets	27,994,001	26,293,349
Current liabilities	(8,688,597)	(9,066,546)
Non-current liabilities	(6,242,638)	(5,487,481)
Equity		
Non-controlling interests	25,617,904	24,397,056
Shareholders of the parent	(1,123,722)	(1,131,575)
Proportion of the Company's ownership	24,494,182	23,265,481
Subtotal	6.59%	6.59%
Goodwill	1,614,166	1,533,196
Others	222,792	222,792
Carrying amount of the investment	(8,814)	(8,814)
	<u>\$1,828,144</u>	<u>\$1,747,174</u>
	For the years ended December 31,	
	2023	2022
Operating revenue	\$21,041,131	\$21,278,780
Profit or loss from continuing operations	3,621,076	4,236,108
Other comprehensive income (loss)	42,967	(138,642)
Total comprehensive income	<u>\$3,664,043</u>	<u>\$4,097,466</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\$314,957 thousand. The aggregate financial information based on Company's share of other companies is as follows:

	For the years ended December 31,	
	2023	2022
Profit or loss from continuing operations	\$1,541	\$1,780
Other comprehensive income (post-tax)	-	-
Total comprehensive income	<u>\$1,541</u>	<u>\$1,780</u>

The associates had no contingent liabilities or capital commitments as of December 31, 2023 and 2022.

The investment value of part of the Company's investments accounted for using the equity method has impaired, and the impairment loss recognized in 2023 and 2022 amounted to NT\$0 and NT\$45,000 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

Owner occupied property, plant and equipment	As of December 31,	
	2023	2022
	<u>\$5,687,452</u>	<u>\$5,799,589</u>

### A. Owner occupied property, plant and equipment

	Machinery								
	Land and land		and	Security	Office	Transportation	Other	Construction	
	improvements	Buildings	equipment	equipment	equipment	equipment	equipment	in progress	Total
<b>Cost:</b>									
As of January 1, 2023	\$1,431,386	\$907,686	\$113,960	\$9,007,481	\$478,847	\$277,277	\$813,652	\$991,430	\$14,021,719
Additions	2,480	6,856	4,064	480,569	30,887	33,998	39,496	-	598,350
Disposals	-	-	(24,168)	(659,385)	(42,288)	(26,850)	(28,820)	-	(781,511)
Other changes	-	-	-	191,456	-	-	-	-	191,456
As of December 31, 2023	<u>\$1,433,866</u>	<u>\$914,542</u>	<u>\$93,856</u>	<u>\$9,020,121</u>	<u>\$467,446</u>	<u>\$284,425</u>	<u>\$824,328</u>	<u>\$991,430</u>	<u>\$14,030,014</u>
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>
<b>Depreciation and impairment:</b>									
As of January 1, 2023	\$-	\$270,777	\$97,702	\$6,700,031	\$353,881	\$169,235	\$630,504	\$-	\$8,222,130
Depreciation	-	17,321	4,874	739,721	42,397	32,904	58,372	-	895,589
Disposals	-	-	(24,163)	(655,288)	(42,277)	(24,608)	(28,821)	-	(775,157)
As of December 31, 2023	<u>\$-</u>	<u>\$288,098</u>	<u>\$78,413</u>	<u>\$6,784,464</u>	<u>\$354,001</u>	<u>\$177,531</u>	<u>\$660,055</u>	<u>\$-</u>	<u>\$8,342,562</u>
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	<u>\$-</u>	<u>\$270,777</u>	<u>\$97,702</u>	<u>\$6,700,031</u>	<u>\$353,881</u>	<u>\$169,235</u>	<u>\$630,504</u>	<u>\$-</u>	<u>\$8,222,130</u>
<b>Net carrying amount as of:</b>									
December 31, 2023	<u>\$1,433,866</u>	<u>\$626,444</u>	<u>\$15,443</u>	<u>\$2,235,657</u>	<u>\$113,445</u>	<u>\$106,894</u>	<u>\$164,273</u>	<u>\$991,430</u>	<u>\$5,687,452</u>
December 31, 2022	<u>\$1,431,386</u>	<u>\$636,909</u>	<u>\$16,258</u>	<u>\$2,307,450</u>	<u>\$124,966</u>	<u>\$108,042</u>	<u>\$183,148</u>	<u>\$991,430</u>	<u>\$5,799,589</u>

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

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, 2023	\$275,593	\$8,130	\$283,723
Additions	-	-	-
As of December 31, 2023	<u>\$275,593</u>	<u>\$8,130</u>	<u>\$283,723</u>
As of January 1, 2022	\$275,593	\$8,130	\$283,723
Additions	-	-	-
As of December 31, 2022	<u>\$275,593</u>	<u>\$8,130</u>	<u>\$283,723</u>
Depreciation and impairment:			
As of January 1, 2023	\$-	\$2,049	\$2,049
Depreciation	-	226	226
As of December 31, 2023	<u>\$-</u>	<u>\$2,275</u>	<u>\$2,275</u>
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>
Net carrying amount as of:			
December 31, 2023	<u>\$275,593</u>	<u>\$5,855</u>	<u>\$281,448</u>
December 31, 2022	<u>\$275,593</u>	<u>\$6,081</u>	<u>\$281,674</u>
For the years ended December 31,			
	2023	2022	
Rental income from investment property	\$4,018	\$3,945	
Less : Direct operating expense generated from rental income of investment property	(226)	(226)	
Total	<u>\$3,792</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\$339,753 thousand and NT\$327,786 thousand as of December 31, 2023 and 2022, 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 4.45 %, 3.92% and 2.51%, 2.20%, respectively.

(11) Intangible assets

	Computer software
Cost:	
As of January 1, 2023	\$183,191
Addition-acquired separately	49,557
Expired	(47,545)
As of December 31, 2023	<u><u>\$185,203</u></u>
As of January 1, 2022	\$127,488
Addition-acquired separately	89,906
Expired	(34,203)
As of December 31, 2022	<u><u>\$183,191</u></u>
Amortization and impairment:	
As of January 1, 2023	\$74,972
Amortization	62,462
Expired	(47,545)
As of December 31, 2023	<u><u>\$89,889</u></u>
As of January 1, 2022	\$60,633
Amortization	48,542
Expired	(34,203)
As of December 31, 2022	<u><u>\$74,972</u></u>
Net carrying amount as of:	
December 31, 2023	<u><u>\$95,314</u></u>
December 31, 2022	<u><u>\$108,219</u></u>

Recognized as amortized amount of intangible assets are as follows.

	For the years ended December 31,	
	2023	2022
Operating costs	\$24,383	\$16,666
Operating expenses	<u><u>\$38,079</u></u>	<u><u>\$31,876</u></u>

(12) Short-term loans

	As of December 31,	
	Interest Rates (%)	2023
Unsecured bank loans	1.32%-1.72%	\$-

(13) Long-term loans

		As of December 31,	
	Interest Rates (%)	2023	2022
Unsecured bank loans	0.86%~2.49%	\$4,200,000	\$3,700,000
Less: current portion		(1,700,000)	(2,300,000)
<b>Total</b>		<b>\$2,500,000</b>	<b>\$1,400,000</b>

Lenders	Credit limit	Credit period	Interest Rates (%)	Terms of repayment
Sumitomo Mitsui	\$1,900,000	Aug. 1, 2022 to Jul. 31, 2026	According to the bank's quotation	Revolving credit facility with repayment upon maturity. Interest is paid monthly.
Banking Corporation				
Taipei branch				
Sumitomo Mitsui	3,000,000	Jul. 1, 2023 to Jun. 30, 2024	According to the bank's quotation	Revolving credit facility with repayment upon maturity. Interest is paid monthly.
Banking Corporation				
Taipei branch				
MUFG Bank, Ltd.	500,000	Dec. 18, 2020 to Dec. 16, 2022	Fixed at 0.85% for the first year Fixed at 0.86% for the second year	Single drawdown utilization with repayment upon maturity. Interest is paid every three months.
Taipei branch				
MUFG Bank, Ltd.	400,000	Jan. 15, 2021 to Jan. 13, 2023	Fixed at 0.85% for the first year Fixed at 0.86% for the second year	Single drawdown utilization with repayment upon maturity. Interest is paid every three months.
Taipei branch				
MUFG Bank, Ltd.	400,000	Sep. 22, 2022 to Sep. 22, 2025	Fixed at 2.49% for the first two years from the initial drawdown. □3M TAIBOR Plus an annual interest rate of 1.10% from year three.	Single drawdown utilization with repayment upon maturity. Interest is paid every three months.
Taipei branch				
Mizuho Bank, Ltd.	100,000	Mar. 22, 2021 to Mar. 22, 2024	According to the bank's quotation	Single drawdown utilization with repayment upon maturity. Interest is paid every three months.
Taipei branch				
Mizuho Bank, Ltd.	600,000	Jul. 11, 2022 to Jul. 5, 2025	According to the bank's quotation	Single drawdown divides into three installments of 200 million each. Interest is paid every three months.
Taipei branch				

Lenders	Credit limit	Credit period	Interest Rates (%)	Terms of repayment
Mizuho Bank, Ltd.	800,000	Dec. 15, 2022 to	According to the bank's	Revolving credit facility
Taipei branch		Dec. 15, 2025	quotation	with repayment upon maturity. Interest is paid monthly.
Mizuho Bank, Ltd.	1,000,000	Jul. 5, 2023 to Jul. 5,	According to the bank's	Revolving credit facility
Taipei branch		2026	quotation	with repayment upon maturity. Interest is paid monthly.
KGI Bank Co., Ltd.	800,000	Apr. 27, 2021 to Apr. 26, 2024	Based on 3M TAIBOR plus an annual interest rate of 0.7%.	Revolving credit facility with repayment upon maturity. Interest is paid monthly.
KGI Bank Co., Ltd.	800,000	Apr. 26, 2023 to Apr. 26, 2026	Based on 3M TAIBOR plus an annual interest rate of 0.6%.	Revolving credit facility with repayment upon maturity. Interest is paid monthly.

#### (14) Guarantee deposits

	As of December 31,	
	2023	2022
Performance security deposit	\$444,674	\$441,143
Security line deposit	118,545	124,630
Total	<u>\$563,219</u>	<u>\$565,773</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, 2023 and 2022 were NT\$69,583 thousand and NT\$64,826 thousand, respectively.

### Defined benefits plan

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandating, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT\$102,289 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

The average durations of the defined benefits plan obligation are 6 years and 7 years as of December 31, 2023 and 2022, respectively.

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022:

	For the years ended December 31,	
	2023	2022
Current period service costs	\$28,388	\$31,569
Interest expense of net defined benefit liabilities (assets)	19,560	7,105
Total	\$47,948	\$38,674

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

	As of December 31,	
	2023	2022
Defined benefit obligation	\$1,455,393	\$1,437,619
Plan assets at fair value	(261,683)	(230,173)
Other non-current liabilities – Net defined benefit liabilities recognized on the balance sheets	<u>\$1,193,710</u>	<u>\$1,207,446</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, 2022	\$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	<u>39,798</u>	<u>(1,124)</u>	<u>38,674</u>
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	-	<u>(13,913)</u>	<u>(13,913)</u>
Subtotal	<u>1,047</u>	<u>(13,913)</u>	<u>(12,866)</u>
Payments from the plan	(99,500)	99,500	-
Contributions by employer	-	<u>(110,287)</u>	<u>(110,287)</u>
As of December 31, 2022	<u>1,437,619</u>	<u>(230,173)</u>	<u>1,207,446</u>
Current period service costs	28,388	-	28,388
Net interest expense (income)	23,289	(3,729)	19,560
Subtotal	<u>51,677</u>	<u>(3,729)</u>	<u>47,948</u>
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	13,769	-	13,769
Experience adjustments	29,399	-	29,399
Return on plan assets	-	<u>24</u>	<u>24</u>
Subtotal	<u>43,168</u>	<u>24</u>	<u>43,192</u>
Payments from the plan	(77,071)	77,071	-
Contributions by employer	-	<u>(104,876)</u>	<u>(104,876)</u>
As of December 31, 2023	<u>\$1,455,393</u>	<u>\$(261,683)</u>	<u>\$1,193,710</u>

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

	As of December 31,	
	2023	2022
Discount rate	1.25%	1.62%
Expected rate of salary increases	1.00%	1.20%

A sensitivity analysis for significant assumption as of December 31, 2023 and 2022 is, as follows:

	Effect on the defined benefit obligation			
	2023		2022	
	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%	\$-	\$39,451	\$-	\$49,127
Discount rate decreases by 0.5%	43,393	-	54,061	-
Future salary increases by 0.5%	43,281	-	54,016	-
Future salary decreases by 0.5%	-	39,732	-	49,555

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 thousand, consisting of 451,197,093 shares with a par value of NT\$10 per share, as of December 31, 2023 and 2022, respectively. Each share has one voting right and the right to receive dividends.

### B. Capital surplus

	As of December 31,	
	2023	2022
Additional paid-in capital	\$4,291	\$4,291
Treasury share transactions	938,682	790,188
Changes in net assets of associates and joint ventures accounted for using the equity method	117,186	109,453
Donated surplus	2,885	2,959
<b>Total</b>	<b>\$1,063,044</b>	<b>\$906,891</b>

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, 2023 and 2022, the Company's shares held by the subsidiaries were NT\$ 232,862 thousand and NT\$263,255 thousand, with a total of 7,836,805 shares and 9,079,805 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. Speed Investment Co., Ltd. disposed 1,243 thousand shares of the Company for NT\$ 30,393 thousand in 2023. 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 such legal reserve amounts to the total paid-in capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

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 set aside NT\$ 75,735 thousand special reserve to undistributed earnings. As of December 31, 2023 and 2022, the special reserve were NT\$ 91,087 thousand and NT\$15,352 thousand, respectively.

Details of the 2023 earnings distribution and dividends per share as approved and resolved by the Board of Directors' meeting on March 12, 2024 and details of the 2022 earnings distribution and dividends per share as approved and resolved by the shareholders' meeting on May 30, 2023, are as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$258,082	\$265,801		
Special reserve	(34,642)	75,735		
Common stock-cash dividend	2,346,225	2,255,986	\$5.2	\$5

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

#### (17) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers		
Sale of goods revenue	\$677,086	\$689,950
Rendering of service revenue	6,968,198	6,597,510
Total	\$7,645,284	\$7,287,460

Analysis of revenue from contracts with customers during the years ended December 31, 2023 and 2022 is as follows:

**A. Classification of revenue**

For the year ended December 31, 2023:

	Electronic System
Sale of goods	\$677,086
Rendering of services	6,968,198
<b>Total</b>	<b><u>\$7,645,284</u></b>

Timing of revenue recognition:

At a point in time	\$677,086
Over time	6,968,198
<b>Total</b>	<b><u>\$7,645,284</u></b>

For the year ended December 31, 2022:

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

Timing of revenue recognition:

At a point in time	\$689,950
Over time	6,597,510
<b>Total</b>	<b><u>\$7,287,460</u></b>

**B. Contract balances**

**a. Contract assets – current**

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Rendering of services	\$22,595	\$11,900	\$23,082

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

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Current	\$1,297,451	\$1,296,105	\$1,176,341
Non-current	3,813	12,237	18,901
<b>Total</b>	<b>\$1,301,264</b>	<b>\$1,308,342</b>	<b>\$1,195,242</b>

	As of		
	December 31, 2023	December 31, 2022	January 1, 2022
Rendering of services	\$1,301,264	\$1,308,342	\$1,195,242

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31,	
	2023	2022
The opening balance transferred to revenue	\$(1,213,764)	\$(1,134,493)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	1,206,686	1,247,593

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations (including partially unsatisfied) amounted to NT\$1,301,264 thousand as of December 31, 2023. Management expects that 92% of the transaction price allocated to unsatisfied performance obligations will be recognized as revenue during the year 2024. The remaining amount will be recognized during the 2025 financial year.

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.

D. Assets recognized from costs to fulfil a contract

None.

(18) Expected credit losses

	For the years ended December 31,	
	2023	2022
Operating expenses – Expected credit losses		
Contract assets	\$-	\$-
Trade receivables	5,000	10,987
Subtotal	<u>5,000</u>	<u>10,987</u>
Non-operating income and expenses - Expected credit losses		
Financial assets measured at amortized cost	-	-
Total	<u>\$5,000</u>	<u>\$10,987</u>

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

The credit risk for the Company's financial assets measured at amortized cost are assessed as low (the same as the assessment result in the beginning of the period) and the Company only transacts with banks and institutions with good credit rating. Therefore, the loss allowance amounts to NT\$0 thousand which is measured at 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 loss allowance of contract asset 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, 2023

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	\$1,164,240		\$45,340	\$47,318	\$2,093	\$1,130	\$12,783	\$1,272,904
Loss ratio		0-2%	2-10%	10-30%	30-50%	50-80%	80-100%	
Lifetime expected credit losses		(3,056)	(4,725)	(9,205)	(663)	(640)	(12,783)	(31,072)
Total		<u>\$1,161,184</u>	<u>\$40,615</u>	<u>\$38,113</u>	<u>\$1,430</u>	<u>\$490</u>	<u>\$-</u>	<u>\$1,241,832</u>

As of December 31, 2022

Group 1	Not yet due (note)	Overdue					Total
		1-90 days	91-180 days	181-270 days	271-365 days	>=365 days	
Gross carrying amount	\$1,180,633	\$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	<u>\$1,178,797</u>	<u>\$63,558</u>	<u>\$38,689</u>	<u>\$2,254</u>	<u>\$6,720</u>	<u>\$-</u>	<u>\$1,290,018</u>

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, 2023 and 2022 are as follows:

	Accounts receivable	Notes receivable	Others (Note)
Balance as of January 1, 2023	\$29,037	\$-	\$-
Addition/(reversal) for the current period	5,000	-	-
Write off	(2,965)	-	-
Balance as of December 31, 2023	<u>\$31,072</u>	<u>\$-</u>	<u>\$-</u>

	Accounts receivable	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>

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

## (19) Lease

### 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,	
	2023	2022
Buildings	\$166,840	\$235,130
Transportation equipment	6,790	1,192
<b>Total</b>	<b>\$173,630</b>	<b>\$236,322</b>

During the years ended December 31, 2023 and 2022, the Company's additions to right-of-use assets are NT\$82,986 thousand and NT\$224,243 thousand, respectively.

(ii) Leases liabilities

	As of December 31,	
	2023	2022
Leases liabilities	\$174,354	\$235,443
Current	\$86,174	\$133,137
Non-current	88,180	102,306

Please refer to Note 6(21)(D) for the interest on lease liabilities recognized during the years ended December 31, 2023 and 2022 and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as of December 31, 2023 and 2022.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended December 31,	
	2023	2022
Buildings	\$141,578	\$143,353
Transportation equipment	3,098	984
<b>Total</b>	<b>\$144,676</b>	<b>\$144,337</b>

c. Income and costs relating to leasing activities

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
The expenses relating to short-term leases	\$14,889	\$14,470
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	6,027	6,002
Total	<u>\$20,916</u>	<u>\$20,472</u>

d. Cash outflow relating to leasing activities

During the years ended December 31, 2023 and 2022, the Company's total cash outflows for leases amounted to NT\$166,495 thousand and NT\$166,826 thousand, respectively.

e. Other information relating to leasing activities

(i) Extension and termination options

Some of the Company's agreements (e.g. property rental agreements) 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 ranging 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,	
	2023	2022
Lease income for operating leases		
Income relating to fixed lease payments and variable lease payments that depend on an index or a rate	\$18,794	\$17,795
Subtotal	<u>18,794</u>	<u>17,795</u>
Lease income for finance leases		
Selling profit or loss	3,217	3,580
Finance income on the net investment in the lease	<u>4,575</u>	<u>4,833</u>
Subtotal	<u>7,792</u>	<u>8,413</u>
Total	<u><u>\$26,586</u></u>	<u><u>\$26,208</u></u>

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, 2023 and 2022 are as follow:

	As of December 31,	
	2023	2022
Within one year	\$9,302	\$17,115
Beyond one year but not later than two years	2,232	7,815
Beyond two years but not later than three years	366	1,986
Beyond three years but not later than four years	294	72
Beyond four years but not later than five years	204	-
Beyond five years	<u>228</u>	<u>-</u>
Total	<u><u>\$12,626</u></u>	<u><u>\$26,988</u></u>

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, 2023 and 2022 are as follows:

	As of December 31,	
	2023	2022
Within one year	\$71,446	\$85,296
Beyond one year but not later than two years	52,739	62,086
Beyond two years but not later than three years	37,890	43,379
Beyond three years but not later than four years	23,695	28,531
Beyond four years but not later than five years	8,284	14,335
Beyond five years	<u>5,058</u>	<u>-</u>
Total undiscounted lease payments	<u><u>199,112</u></u>	<u><u>233,627</u></u>
Less: Unearned finance income to finance leases	<u>(7,686)</u>	<u>(9,437)</u>
Less: loss allowance	<u>-</u>	<u>-</u>
Net investment in the lease (Finance lease receivables)	<u><u>\$191,426</u></u>	<u><u>\$224,190</u></u>
Current	<u>\$67,865</u>	<u>\$80,831</u>
Non-current	<u>123,561</u>	<u>143,359</u>

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

	For the years ended December 31,					
	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$1,059,707	\$993,431	\$2,053,138	\$1,022,164	\$979,651	\$2,001,815
Labor and health insurance	107,922	96,253	204,175	98,812	93,936	192,748
Pension	65,134	52,397	117,531	56,493	47,007	103,500
Remuneration to directors	-	122,043	122,043	-	120,912	120,912
Others Employee benefits expense	40,702	29,746	70,448	40,182	29,281	69,463
Depreciation	839,709	200,782	1,040,491	822,558	201,160	1,023,718
Amortization	24,383	38,079	62,462	16,332	32,210	48,542

The headcount of the Company were 2,506 and 2,470, including 8 and 7 non-employee directors as of December 31, 2023 and 2022, respectively.

The average employee benefits expenses of the Company were NT\$979 thousand and NT\$961 thousand for the years ended December 31, 2023 and 2022, respectively. The average employee salaries of the Company were NT\$822 thousand and NT\$813 thousand for the years ended December 31, 2023 and 2022, respectively. The average rate of change of the employee salaries was 1%.

The Company has established the Audit Committee in replacement of supervisors and therefore the supervisors' remuneration for the years ended December 31, 2023 and 2022 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, 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended December 31, 2023 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, 2023 amount to NT\$30,511 thousand and NT\$122,043 thousand, respectively and recognized as salaries expense.

A resolution was passed at the Board of Directors meeting held on March 12, 2024 to distribute NT\$30,481 thousand and NT\$121,924 thousand in cash as employees' compensation and remuneration to directors of 2023, respectively.

No material differences exist between the estimated amount and the actual distribution of the employees' compensation as NT\$30,273 thousand and of remuneration to directors as NT\$121,091 thousand in cash for the year ended December 31, 2022.

#### (21) Non-operating income and expenses

##### A. Interest income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets measured at amortized cost	\$187	\$107
Cash in banks	2,295	612
Short-term commercial papers	-	60
Others	1,113	427
<b>Total</b>	<b>\$3,595</b>	<b>\$1,206</b>

##### B. Other income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income	\$18,794	\$17,795
Dividend income	1,591	7,676
<b>Total</b>	<b>\$20,385</b>	<b>\$25,471</b>

C. Other gains and losses

	For the years ended December 31,	
	2023	2022
Gain on disposal of property, plant and equipment	\$1,487	\$5,110
Foreign exchange gain, net	126	106
Impairment loss	-	(45,000)
Miscellaneous gain	118,157	89,828
Gain on lease modification	5	3
<b>Total</b>	<b>\$119,775</b>	<b>\$50,047</b>

D. Finance costs

	For the years ended December 31,	
	2023	2022
Interest on borrowings from bank	\$73,697	\$44,440
Interest on lease liabilities	2,510	2,378
<b>Total interest expenses</b>	<b>76,207</b>	<b>46,818</b>
Interest for deposits received	178	144
<b>Total finance costs</b>	<b>\$76,385</b>	<b>\$46,962</b>

(22) Components of other comprehensive income

For the year ended December 31, 2023

	Arising	Reclassification	Other	other	comprehensive
	during the period	adjustments during the period	comprehensive (loss) income	comprehensive income	income, net of tax
<b>Not to be reclassified to profit or loss in subsequent periods:</b>					
Remeasurements of defined benefit plans	\$(43,192)	\$-	\$(43,192)	\$5,183	\$(38,009)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	33,068	-	33,068	-	33,068
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	42,128	-	42,128	-	42,128
<b>To be reclassified to profit or loss in subsequent periods:</b>					
Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method	1,809	-	1,809	-	1,809
<b>Total of other comprehensive (loss) income</b>	<b>\$33,813</b>	<b>\$-</b>	<b>\$33,813</b>	<b>\$5,183</b>	<b>\$38,996</b>

For the year ended December 31, 2022

	Reclassification Arising during the period	Other adjustments during the period	Other comprehensive (loss) income	Other comprehensive income	Other comprehensive income, net of tax	Income tax relating to components of
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 (loss) income of associates and joint ventures accounted for using the equity method	41,253	-	41,253	-	41,253	
Total of other comprehensive (loss) income	\$5,083	\$-	\$5,083	\$(1,544)	\$3,539	

### (23) Income tax

The major components of corporate income tax expense for the years ended December 31, 2023 and 2022 are as follows:

#### Income tax expense (income) recognized in profit or loss

	For the years ended December 31,	
	2023	2022
Current income tax expense (income):		
Current income tax charge	\$293,290	\$287,721
Adjustments in respect of current income tax of prior periods	4,365	2,014
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	6,634	7,649
Total income tax expense	<u>\$304,289</u>	<u>\$297,384</u>

#### Income tax relating to components of other comprehensive income

	For the years ended December 31,	
	2023	2022
Deferred tax expense (income):		
Remeasurements of defined benefit plans	<u>\$(5,183)</u>	<u>\$1,544</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,	
	2023	2022
Accounting profit before tax from continuing operations	<u>\$2,895,542</u>	<u>\$2,876,125</u>
Tax at the domestic rates applicable to profits in the country concerned	\$579,108	\$575,225
Tax effect of revenues exempt from taxation	(277,718)	(286,644)
Tax effect of expenses not deductible for tax purpose	63	17
Investment tax credit	-	(120)
Tax effect of deferred tax assets / liabilities	(4,554)	3,270
Corporate income surtax on undistributed retained earnings	3,025	3,622
Adjustments in respect of current income tax of prior periods	<u>4,365</u>	<u>2,014</u>
Total income tax expense recognized in profit or loss	<u><u>\$304,289</u></u>	<u><u>\$297,384</u></u>

Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Deferred tax income (expense)			
	Deferred tax	recognized in		
	Beginning	income (expense)	other	Ending balance
	balance as of	recognized in	comprehensive	as of December
	January 1, 2023	profit or loss	income	31, 2023
<b>Temporary differences</b>				
Unrealized bad debt expense	\$3,533	\$490	\$-	\$4,023
Depreciation difference for tax purpose	10,360	(294)	-	10,066
Compensation for unused vacation	7,453	-	-	7,453
Decommissioning costs	1,440	-	-	1,440
Impairment loss	149,186	-	-	149,186
Defined benefit liabilities, non-current	<u>144,887</u>	<u>(6,830)</u>	<u>5,183</u>	<u>143,240</u>
Deferred tax (expense)/income		<u><u>\$6,634</u></u>	<u><u>\$5,183</u></u>	
Net deferred tax assets/(liabilities)	<u><u>\$316,859</u></u>			<u><u>\$315,408</u></u>
<b>Reflected in balance sheet as follows:</b>				
Deferred tax assets	<u><u>\$316,859</u></u>			<u><u>\$315,408</u></u>

For the year ended December 31, 2022

	Deferred tax income (expense)			
	Beginning balance as of January 1, 2022	Deferred tax income (expense) recognized in profit or loss	other	Ending balance as of December 31, 2022
		recognized in comprehensive income		
<b>Temporary differences</b>				
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 loss	149,186	-	-	149,186
Defined benefit liabilities, non-current	155,025	(8,594)	(1,544)	144,887
Deferred tax (expense)/income		<u><u>\$7,649</u></u>	<u><u>\$(1,544)</u></u>	
Net deferred tax assets/(liabilities)	<u><u>\$326,052</u></u>			<u><u>\$316,859</u></u>
Reflected in balance sheet as follows:				
Deferred tax assets	<u><u>\$326,052</u></u>			<u><u>\$316,859</u></u>

#### Unrecognized deferred tax assets

As of December 31, 2023 and 2022, deferred tax assets that have not been recognized amounted to NT\$134,787 thousand and NT\$135,886 thousand, respectively.

#### The assessment of income tax returns

As of December 31, 2023, 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 2021	-

#### (24) Earnings per share

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

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

	<u>For the years ended December 31,</u>	
	2023	2022
<b>A. Basic earnings per share</b>		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u>\$2,591,253</u>	<u>\$2,578,741</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>442,667</u>	<u>441,111</u>
Basic earnings per share (NT\$)	<u>\$5.85</u>	<u>\$5.85</u>
	<u>For the years ended December 31,</u>	
	2023	2022
<b>B. Diluted earnings per share</b>		
Profit attributable to ordinary equity holders of the Company (in thousands)	<u>\$2,591,253</u>	<u>\$2,578,741</u>
Employee bonus (in thousands)	<u>-</u>	<u>-</u>
Profit attributable to ordinary equity holders of the Company after dilution (in thousands)	<u>\$2,591,253</u>	<u>\$2,578,741</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>442,667</u>	<u>441,111</u>
Effect of dilution:		
Employee bonus-stock (in thousands)	<u>261</u>	<u>302</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>442,928</u>	<u>441,413</u>
Diluted earnings per share (NT\$)	<u>\$5.85</u>	<u>\$5.84</u>

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

## 7. Related party transactions

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

### Name and nature of relationship of the related parties

Related Party Name	The Relationship with the Company
SECOM Co., Ltd.	Entity with joint control or significant influence over the Company
Speed Investment Co., Ltd.	Subsidiary
LeeBao Security Co., Ltd.	Subsidiary
Goyun Security Co., Ltd.	Subsidiary
Chung Hsing E-Guard Co., Ltd.	Subsidiary

Related Party Name	The Relationship with the Company
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
Brightron 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
Star Power Solutions Taiwan Limited	Subsidiary
Jian Sheng International Co., Ltd.	Subsidiary
Epic Tech Taiwan Inc.	Subsidiary
Golden Harvest Food Enterprise Ltd.	Subsidiary
Baohwa Trust Co., Ltd.	Subsidiary
Litenet Corporation	Subsidiary
Tai-Shun Shi Ye Co., 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
Goyu Building Materials Co., Ltd.	Associate
Goldsun Nihon Cement Co., Ltd.	Associate
GALC Inc.	Associate
HQ Design Co., Ltd.	Other related parties

Related Party Name	The Relationship with the Company
Hobby Werks Co., Ltd.	Other related parties
Chengxin Investment Co., Ltd.	Other related parties
Shin Lan Enterprise Inc.	Other related parties
Azure International Holdings Taiwan	Other related parties
Key management personnel	Other related parties

Significant transactions with related parties

(1) Sales

	For the years ended December 31,	
	2023	2022
Subsidiaries	\$189,162	\$169,030
Associates	265,973	263,950
Other related parties	468	286
<b>Total</b>	<b>\$455,603</b>	<b>\$433,266</b>

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) Cost (including purchases and other operating costs)

	For the years ended December 31,	
	2023	2022
Entity with joint control or significant influence over the Company	\$4,353	\$4,009
Subsidiaries		
LeeBao Security Co., Ltd.	262,287	259,342
Others	308,845	294,252
Subtotal	571,132	553,594
Other related parties	350	236
<b>Total</b>	<b>\$575,835</b>	<b>\$557,839</b>

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,	
	2023	2022
<b>Subsidiaries</b>		
Brightron Technology and Engineering Corporation	\$53,423	\$40,528
Lee Way Electronics Co., Ltd.	12,916	11,170
Others	12,857	15,379
Subtotal	<u>79,196</u>	<u>67,077</u>
<b>Associates</b>		
Anfeng Enterprise Co., Ltd.	111,055	130,862
Others	854	1,218
Subtotal	<u>111,909</u>	<u>132,080</u>
Other related parties	-	580
Total	<u>191,105</u>	<u>199,737</u>
Less: loss allowance	-	-
<b>Net</b>	<b><u>\$191,105</u></b>	<b><u>\$199,737</u></b>

(4) Other receivables from related parties

As of December 31, 2023:

	Ending balance as of			
	Maximum balance	December 31, 2023	Interest Rates (%)	Interest income
<b>Subsidiaries</b>				
Gowin Building Management and Maintenance Co., Ltd.	\$200,000	\$200,000	1.66%-1.75%	\$328
Brightron Technology and Engineering Corporation	200,000	130,000	1.80%-1.90%	107
Goyun Technology Co., Ltd.	<u>200,000</u>	<u>70,000</u>	1.70%	-
<b>Total</b>	<b><u>\$600,000</u></b>	<b><u>\$400,000</u></b>		<b><u>\$435</u></b>

As of December 31, 2022:

None.

The primary activity involves providing loans to the subsidiaries (recorded as other receivables), with interest rate terms referring to market interest rate quotes.

(5) Notes payables to related parties

	As of December 31,	
	2023	2022
Subsidiaries		
Titan Star International Co., Ltd.	\$104,974	\$117,428
Aion Technologies Inc.	24,759	18,932
LeeBao Security Co., Ltd.	12	6,382
Others	11,274	8,220
Subtotal	<u>141,019</u>	<u>150,962</u>
Associates		
Other related parties	- 1,532	3,128
Total	<u>\$143,111</u>	<u>\$155,622</u>

(6) Accounts payables to related parties

	As of December 31,	
	2023	2022
Entity with joint control or significant influence over the Company	\$1,301	\$-
Subsidiaries		
Titan Star International Co., Ltd.	56,075	64,396
Aion Technologies Inc.	25,988	17,054
LeeBao Security Co., Ltd.	21,907	-
Others	3,914	1,717
Subtotal	<u>107,884</u>	<u>83,167</u>
Other related parties	2,563	-
Total	<u>\$111,748</u>	<u>\$83,167</u>

(7) Other payables to related parties

	As of December 31,	
	2023	2022
Subsidiaries		
LeeBao Security Co., Ltd.	\$6,369	\$21,856
Aion Technologies Inc.	5,022	4,222
Others	2,406	703
Subtotal	<u>13,797</u>	<u>26,781</u>
Associates	66	-
Other related parties	379	95
Total	<u>\$14,242</u>	<u>\$26,876</u>

(8) Right-of-use assets

	As of December 31,	
	2023	2022
Other related parties	<u>\$14,979</u>	<u>\$11,412</u>

The lease deposits to other related parties amounted to NT\$1,271 thousand for both years, as of December 31, 2023 and 2022.

(9) Lease liabilities

	As of December 31,	
	2023	2022
Other related parties	<u>\$15,032</u>	<u>\$11,476</u>

(10) Interest income

	For the years ended December 31,	
	2023	2022
Subsidiaries	<u>\$435</u>	<u>\$53</u>

(11) Lease expenditure

	For the years ended December 31,	
	2023	2022
Subsidiaries	<u>\$4,209</u>	<u>\$4,672</u>

The lease deposits to subsidiaries amounted to NT\$30,250 thousand for both years, as of December 31, 2023 and 2022.

(12) Property transactions

Acquired

	For the years ended December 31,	
	2023	2022
Entity with joint control or significant influence over the Company	<u>\$5,571</u>	<u>\$1,789</u>
Subsidiaries	<u>477,160</u>	<u>504,276</u>
Other related party (Note 1)	<u>26,854</u>	<u>-</u>
Total	<u><u>\$509,585</u></u>	<u><u>\$506,065</u></u>

Note 1: The Company purchased land and buildings from key management personnel of the Company on November 13, 2023, with a total transaction amount of NT\$9,284 thousand.

The Company purchases electronic theft prevention and fire prevention equipment, and leases renovation equipment from related parties, which is recorded under property, plant, and equipment as security equipment.

### Disposals

	For the years ended December 31,	
	2023	2022
Subsidiaries	\$2,577	\$-
Total	\$2,577	\$-

The Company sold fixed assets to related parties for a total amount of NT\$2,543 thousand for the year ended December 31, 2023, resulting in a loss on disposal of property, plant, and equipment in the amount of NT\$34 thousand.

### (13) 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\$43,146 thousand and NT\$45,480 thousand for the years ended December 31, 2023 and 2022, respectively. The royalty payable was NT\$21,001 thousand and NT\$22,783 thousand as of December 31, 2023 and 2022, respectively, which was recognized as other payables.

### (14) Key management personnel compensation

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$288,803	\$264,395
Post-employment benefits	2,403	2,339
Total	\$291,206	\$266,734

## 8. Assets pledged as Security

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

Items	Carrying amount		Secured liabilities
	December 31, 2023	December 31, 2022	
Financial assets measured at amortized cost, non-current	\$11,500	\$11,500	Oil passbook guarantee

## 9. Commitments and Contingencies

As of December 31, 2023, the Company issued bank guarantees amounting to NT\$267,841 thousand on behalf of the Group's subsidiaries for logistics customs clearing services and participation in government tenders.

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,	
	2023	2022
Financial assets designated at fair value through profit or loss	\$70,517	\$70,517
Financial assets at fair value through other comprehensive income	67,252	97,560
Financial assets measured at amortized cost		
Cash and cash equivalents	574,103	930,960
Financial assets measured at amortized cost	11,500	11,500
Trade receivables	1,641,832	1,290,018
Refundable deposits	235,863	233,203
Subtotal	<u>2,463,298</u>	<u>2,465,681</u>
Total	<u>\$2,601,067</u>	<u>\$2,633,758</u>
<u>Financial liabilities</u>	As of December 31,	
	2023	2022
Financial liabilities at amortized cost:		
Short-term loans	\$-	\$800,000
Trade and other payables	1,274,789	1,297,787
Long-term loans (including current portion with maturity less than 1 year)	4,200,000	3,700,000
Leases liabilities	174,354	235,443
Guarantee deposits	<u>563,219</u>	<u>565,773</u>
Total	<u>\$6,212,362</u>	<u>\$6,599,003</u>

(2) Financial risk management objectives and policies

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

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

### (3) Market risk

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

In practice, it is rarely the case that a single risk variable will change independently from other risk 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\$4,200 thousand and NT\$4,500 thousand for the years ended December 31, 2023 and 2022, 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\$0 and NT\$(3,991) thousand on the equity attributable to the Company for the years ended December 31, 2023 and 2022 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, 2023 and 2022, 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
<b>As of December 31, 2023</b>					
Borrowings	\$1,759,831	\$2,547,966	\$-	\$-	\$4,307,797
Trade and other payables	1,274,789	-	-	-	1,274,789
Leases liabilities	87,826	52,308	17,501	21,600	179,235
<b>As of December 31, 2022</b>					
Borrowings	\$3,135,371	\$1,433,984	\$-	\$-	\$4,569,355
Trade and other payables	1,297,787	-	-	-	1,297,787
Leases liabilities	134,956	71,307	9,959	24,000	240,222

#### Note:

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	11 to 15 years	>15 years	Total
2023.12.31	\$87,826	\$69,809	\$12,000	\$9,600	\$-	\$179,235
2022.12.31	\$134,956	\$81,266	\$12,000	\$12,000	\$-	\$240,222

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 2023 is as follows:

	Short-term loans	Long-term loans	Leases liabilities	Balance of liabilities arising from financing activities
2023.1.1	\$800,000	\$3,700,000	\$235,443	\$4,735,443
Cash flow	(800,000)	500,000	(145,579)	(445,579)
Non-cash changes	-	-	84,490	84,490
2023.12.31	<u>\$-</u>	<u>\$4,200,000</u>	<u>\$174,354</u>	<u>\$4,374,354</u>

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>

(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**

None.

**(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, 2023

	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	-	-	67,252	67,252

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

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

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

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

	Assets		
	Measured at fair value		
	through other comprehensive income		
	Stock	Convertible bond	Convertible preferred shares
Beginning balances as of January 1, 2023	\$57,641	\$42,138	\$28,379
Total losses recognized for the year ended December 31, 2023:			
Amount recognized in OCI (present in unrealized gains or losses on equity instrument investment measured at fair value through other comprehensive income)	15,045	-	-
Acquisition/issue for the year ended December 31, 2023	-	-	-
Disposition/acquittance for the year ended December 31, 2023	(5,434)	-	-
Ending balances as of December 31, 2023	<u>\$67,252</u>	<u>\$42,138</u>	<u>\$28,379</u>
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 equity instrument investment measured at fair value through other comprehensive income)	(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	<u>\$57,641</u>	<u>\$42,138</u>	<u>\$28,379</u>

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, 2023

	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 10% increase (decrease) in the lack of marketability, the discount for lack of marketability lower the fair value of the would result in (decrease) increase stocks in the Company's equity by NT\$8,743 thousand	
Convertible bond	Market approach	discount for lack of marketability	12.5%~23%	The higher the discount for 10% increase (decrease) in the lack of marketability, the discount for lack of marketability lower the fair value of the would result in (decrease) increase stocks in the Company's profit or loss by NT\$4,214 thousand	
Convertible preferred shares	Market approach	discount for lack of marketability	23%~25%	The higher the discount for 10% increase (decrease) in the lack of marketability, the discount for lack of marketability lower the fair value of the would result in (decrease) increase stocks in the Company's profit or loss by NT\$2,838 thousand	

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
<b>Financial assets:</b>					
Measured at fair value through other comprehensive income					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for 10% increase (decrease) in the lack of marketability, the discount for lack of marketability lower the fair value of the would result in (decrease) increase stocks	The higher the discount for 10% increase (decrease) in the lack of marketability, the discount for lack of marketability lower the fair value of the would result in (decrease) increase stocks 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 10% increase (decrease) in the lack of marketability, the discount for lack of marketability lower the fair value of the would result in (decrease) increase stocks	The higher the discount for 10% increase (decrease) in the lack of marketability, the discount for lack of marketability lower the fair value of the would result in (decrease) increase stocks 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 10% increase (decrease) in the lack of marketability, the discount for lack of marketability lower the fair value of the would result in (decrease) increase stocks	The higher the discount for 10% increase (decrease) in the lack of marketability, the discount for lack of marketability lower the fair value of the would result in (decrease) increase stocks in the Company's profit or loss by NT\$2,838 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, 2023

	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)	\$-	\$-	\$339,753	\$339,753
Investments accounted for using the equity method (please refer to Note 6)	2,187,417	-	-	2,187,417

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

(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\$126 thousand and NT\$106 thousand for the years ended December 31, 2023 and 2022, respectively.

(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 2022 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: None.

F. Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock: Please refer to Attachment 5.

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.

(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)
<b>For the year ended 2023</b>							
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Revenues	\$(35,155)	Note 4	-0.21%
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Costs	262,287	Note 4	1.53%
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	1	Accounts payable	21,907	-	0.08%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Revenues	11,010	Note 4	0.06%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Costs	127,098	Note 4	0.74%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Accounts payable	56,075	-	0.21%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Notes payable	104,974	-	0.39%
0	Taiwan Secom Co., Ltd.	Titan Star International Co., Ltd.	1	Refundable Deposits	30,000	-	0.11%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Costs	128,911	Note 4	0.75%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Accounts payable	25,516	-	0.09%
0	Taiwan Secom Co., Ltd.	Aion Technologies Inc.	1	Notes payable	24,759	-	0.09%
0	Taiwan Secom Co., Ltd.	KuoHsing Security Co., Ltd.	1	Revenues	18,771	Note 4	0.11%
0	Taiwan Secom Co., Ltd.	Ching-Dian Tech Co., Ltd.	1	Revenues	39,035	Note 4	0.23%
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Revenues	51,951	Note 4	0.30%
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Costs	8,926	Note 4	0.05%
0	Taiwan Secom Co., Ltd.	Lee Way Electronics Co., Ltd.	1	Accounts receivable	12,916	-	0.05%
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Revenues	53,803	Note 4	0.31%
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Costs	18,069	Note 4	0.11%
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	1	Accounts receivable	53,423	-	0.20%
0	Taiwan Secom Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	1	Revenues	15,945	Note 4	0.09%
0	Taiwan Secom Co., Ltd.	Goyun Security Co., Ltd.	1	Revenues	10,378	Note 4	0.06%
1	Titan Star International Co., Ltd.	Taiwan Secom Co., Ltd.	2	Revenues	545,083	Note 4	3.18%
2	Aion Technologies Inc.	Taiwan Secom Co., Ltd.	2	Revenues	250,083	Note 4	1.46%
3	Goyun Security Co., Ltd.	KuoHsing Security Co., Ltd.	3	Revenues	74,218	Note 4	0.43%
4	Gowin Building Management and Maintenance Co., Ltd.	Gowin Security Co., Ltd.	3	Costs	120,268	Note 4	0.70%
5	LeeBao Security Co., Ltd.	LeeBao Technology Co., Ltd.	3	Revenues	86,375	Note 4	0.50%
6	Lee Way Electronics Co., Ltd.	Lee Yuan Biomedical Co., Ltd.	3	Revenues	61,789	Note 4	0.36%
7	Chung Hsing E-Guard Co., Ltd.	Lee Way Electronics Co., Ltd.	3	Revenues	53,335	Note 4	0.31%
8	Gowin Security Co., Ltd.	Goyun Security Co., Ltd.	3	Revenues	28,090	Note 4	0.16%

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.

Note 5: The disclosure criteria for significant transactions in this table are as follows: (1) Transactions between the parent company and its subsidiaries with amounts exceeding NT\$7,000 thousand. (2) Other transactions with amounts exceeding NT\$15,000 thousand.

Financing provided to others for the year ended December 31, 2023

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

No.	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Actual amount provided	Interest rate	Nature of financing	Amount of sales to (purchases from) counter-party	Reason for financing	Loss allowance	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
0	Taiwan Secom Co., Ltd.	Gowin Building Management and Maintenance Co., Ltd.	Other receivables - related parties	Yes	\$200,000	\$200,000	\$200,000	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	\$2,517,549 (Note 3(2))	\$5,035,099 (Note 4)
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	Other receivables - related parties	Yes	200,000	200,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	2,517,549 (Note 3(2))	5,035,099 (Note 4)
0	Taiwan Secom Co., Ltd.	Brighton Technology and Engineering Corporation	Other receivables - related parties	Yes	200,000	200,000	130,000	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	2,517,549 (Note 3(2))	5,035,099 (Note 4)
0	Taiwan Secom Co., Ltd.	TransAsia Catering Services Ltd.	Other receivables - related parties	Yes	150,000	150,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	2,517,549 (Note 3(2))	5,035,099 (Note 4)
0	Taiwan Secom Co., Ltd.	Goyun Technology Co., Ltd.	Other receivables - related parties	Yes	200,000	200,000	70,000	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	2,517,549 (Note 3(2))	5,035,099 (Note 4)
1	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	-	-	-	815,590 (Note 1(2))	1,631,179 (Note 2)
1	Speed Investment Co., Ltd.	SIGMU D.P.T. Company Ltd.	Other receivables - related parties	Yes	50,000	50,000	20,000	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	815,590 (Note 1(2))	1,631,179 (Note 2)
1	Speed Investment Co., Ltd.	Livingplus Food and Beverage Co. Ltd.	Other receivables - related parties	Yes	20,000	20,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	815,590 (Note 1(2))	1,631,179 (Note 2)
1	Speed Investment Co., Ltd.	Baohwa Trust Co., Ltd	Other receivables - related parties	Yes	10,000	10,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	815,590 (Note 1(2))	1,631,179 (Note 2)
2	LeeBao Security Co., Ltd.	LeeBao Technology Co., Ltd.	Other receivables - related parties	Yes	30,000	30,000	-	Refer to the market interest rate	(Note 6(2))	-	Business turnover	-	-	-	357,974 (Note 7(2))	715,948 (Note 8)

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

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

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

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

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

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

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

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

Note 5 : According to the Interpretation Letter JI-MI (93) 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.

Note 7 : According to Fund loan and operating procedures of LeeBao Security Co., Ltd. limit of financing amount for individual counter-party is as follow :

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

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

Note 8 : Total financing amount of LeeBao Security Co., Ltd. shall not exceed 40% of the audited/reviewed net assets value of the most current period.

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

No.	Endorser/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 8)	Guarantee provided by a subsidiary (Note 8)	Guarantee provided to subsidiaries in Mainland China (Note 8)
		Company name	Relationship										
0	Taiwan Secom Co., Ltd.	Gowin Building Management Maintenance Co., Ltd.	(Note 1)	\$3,776,324 (Note 4)	\$260,328	\$256,328	\$6,328	\$-	2.04%	\$6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Gowin Smart Parking Co., Ltd.	(Note 1)	3,776,324 (Note 4)	124,300	124,300	24,300	-	0.99%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Guoyun Technology Co., Ltd.	(Note 1)	3,776,324 (Note 4)	450,000	450,000	-	-	3.57%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	LeeBao Security Co., Ltd.	(Note 1)	3,776,324 (Note 4)	1,500,000	1,000,000	100,000	-	7.94%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	Brightron Technology and Engineering Corporation	(Note 1)	3,776,324 (Note 4)	400,000	260,000	-	-	2.07%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	TransAsia Catering Services Ltd.	(Note 1)	3,776,324 (Note 4)	292,000	248,000	248,000	-	1.97%	6,293,874 (Note 4)	Y	N	N
0	Taiwan Secom Co., Ltd.	SIGMU D.P.T. Company Ltd.	(Note 1)	3,776,324 (Note 4)	100,000	100,000	-	-	0.79%	6,293,874 (Note 4)	Y	N	N
1	Gowin Building Management and Maintenance Co., Ltd.	Taiwan Secom Co., Ltd.	(Note 2)	272,447 (Note 5)	3,310	3,310	3,310	-	0.36%	6,293,874 (Note 5)	N	Y	N
1	Gowin Building Management and Maintenance Co., Ltd.	Gowin Smart Parking Co., Ltd.	(Note 1)	272,447 (Note 5)	100,000	100,000	-	-	11.01%	6,293,874 (Note 5)	N	N	N
2	Speed Investment Co., Ltd.	Star Power Solutions Taiwan Limited	(Note 1)	1,223,384 (Note 6)	10,000	10,000	-	-	0.25%	6,293,874 (Note 6)	N	N	N
3	Goyun Security Co., Ltd.	Guoyun Technology Co., Ltd.	(Note 1)	180,505 (Note 7)	100,000	50,000	-	-	8.31%	6,293,874 (Note 7)	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 Gowin Building Management and Maintenance Co., Ltd. are as follows :

- (1) Total guarantee amount of the Company to net assets value from the latest financial statement shall not exceed 50%.
- (2) 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 6: 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 7: A subsidiary in which Goyun Security 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%. However, this does not apply to the guarantee/endorsement among companies where the open-released parent company directly or indirectly owned exceed 90% of the voting shares as defined in Article 13.
- (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 8: 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.

(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>	Unlisted companies stocks-	-	Financial assets at fair value through other comprehensive income, non-current	987,762	\$-	4.41%	\$-	
	BlissCloud Group Holdings Corp		Financial assets at fair value through other comprehensive income, non-current	362,266	6,144	2.08%	16.96	
	Top Taiwan Viii Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	1,139,439	4,432	2.07%	3.89	
	GAMA Pay Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	1,591,367	53,534	10.49%	33.64	
	GENIRON.COM Inc.		Financial assets at fair value through other comprehensive income, non-current	789,488	3,142	7.89%	3.98	
	Raixin Quality Products Ltd.		Financial assets at fair value through other comprehensive income, non-current	100,000	28,379	1.50%	283.79	
	Inline Group Limited (Convertible Preferred Shares)		Financial assets at fair value through profit or loss, non-current					
	Convertible Bond-	-	Financial assets at fair value through profit or loss, non-current		42,138	-	42,138	
	Inline group Limited-USD 1,500,000		Financial assets at fair value through profit or loss, non-current					
<u>Lee Way Electronics Co., Ltd.</u>	Listed companies stocks-	Parent Company	Financial assets at fair value through other comprehensive income, current	163,284	19,104	0.04%	117.00	
	Taiwan Secom Co., Ltd.							
	Unlisted companies stocks-							
	Hujiia Health Life Technology Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	50,000	179	0.24%	3.58	
<u>LeeBao Technology Co., Ltd.</u>	Unlisted companies stocks-	-	Financial assets at fair value through other comprehensive income, non-current	1,239,180	41,686	8.17%	33.64	
	GENIRON.COM Inc.							
<u>Total Star International Co., Ltd.</u>	Unlisted companies stocks-	-	Financial assets at fair value through other comprehensive income, non-current	497,227	10,889	0.68%	21.90	
	International Integrated Systems, Inc.							
	Oriental Life Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	182,500	7,110	7.30%	38.96	
<u>Chung Hsing E-Guard Co., Ltd.</u>	Listed companies stocks-	Parent Company	Financial assets at fair value through other comprehensive income, current	552,655	64,661	0.12%	117.00	
	Taiwan Secom Co., Ltd.							
<u>Golden Harvest Food Enterprise Ltd.</u>	Listed companies stocks-	Parent Company	Financial assets at fair value through other comprehensive income, current	56,000	6,552	0.01%	117.00	
	Taiwan Secom Co., Ltd.							

(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	\$424,158	0.80%	\$117.00	
	Wellpool Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	281,000	18,827	0.78%	67.00	
<u>Gowin Building Management and Maintenance Co., Ltd.</u>	Listed companies stocks- Taiwan Secom Co., Ltd.	Parent Company	Financial assets at fair value through other comprehensive income, current	982,564	114,960	0.22%	117.00	
	Unlisted companies stocks- The Tag-Along Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	44,453	777	15.00%	17.48	
<u>Lots Home Entertainment Co., Ltd.</u>	Daxiao Creative Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,000,000	9,090	6.90%	9.09	
	Yiyi Pictures Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	44,000	3,378	5.50%	76.77	
<u>Goyun Security Co., Ltd.</u>	Film and television investment agreement	-	Financial assets at fair value through profit or loss, non-current	-	44,371	-	44,371	
	Listed companies stocks- Taiwan Secom Co., Ltd.		Financial assets at fair value through other comprehensive income, current	252,820	29,580	0.06%	117.00	
<u>Speed Investment Co., Ltd.</u>	Wellpool Co., Ltd.	Parent Company -	Financial assets at fair value through other comprehensive income, non-current	181,500	12,160	0.50%	67.00	
	Listed companies stocks- Taiwan Secom Co., Ltd.		Financial assets at fair value through other comprehensive income, current	2,204,198	257,891	0.49%	117.00	
	Wellpool Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	302,500	20,268	0.84%	67.00	
	AUTOPASS. INC		Financial assets at fair value through profit or loss, non-current	1,371,090	21,298	-	21,298.00	
	Unlisted companies stocks- Top Taiwan VI Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	83,750	167	2.17%	1.99	
	Yuji Venture Capital Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	281,250	8,044	3.75%	28.60	
	Imperial Food Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	300,000	1,272	2.40%	4.24	
	Lumi Health Innovation Co., Ltd.		Financial assets at fair value through other comprehensive income, non-current	2,644,005	100,023	8.64%	37.83	
	Darjun Venture Corporation Co., Ltd.	-	Financial assets at fair value through other comprehensive income, non-current	1,500,000	14,771	4.00%	9.85	
	Fund- AsiaVest Opportunities Fund		Financial assets at fair value through profit or loss, current	200	1,062	0.74%	USD 173.12	
<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	136,880	5.68%	8.03	
	Listed companies stocks- Taiwan Shin Kong Security Co., Ltd.		Financial assets at fair value through other comprehensive income, current	15,000	605	0.00%	40.33	
<u>MyStory Entertainment Co., Ltd.</u>	Film and television investment agreement	-	Financial assets at fair value through profit or loss, non-current	-	120,169	-	120,169	

Attachment 5

Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock

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

Company Name	Type of Properties	Transaction Date (Note)	Transaction Amount	Counter-party	Relationship	Price Reference	Purpose and Usage of Acquisition	Other Commitments
LeeBao Security Co., Ltd.	Land No. 373, Daxing Sec. Bade Dist., Taoyuan City Rights of ownership to the land: 1/1 No. 202, Chongqing St., Bade Dist., Taoyuan City Ownership title to the building: 1/1 and machinery and equipment on the building.	2023.11.10	\$ 380,000	Goldsun Building Materials Co., Ltd.	Related Party	Referencing the appraisal from the third party, Gold Real Estate Appraisal Co., Ltd. Joint Office, and the decision is made after negotiation between the two parties involved in the transaction.	Operational consideration and expansion for operational use	None

Note 1: For assets acquired that are required to be appraised according to regulations, the appraisal results should be noted in the column of "Basis for Price Determination".

Note 2: The paid-in capital refers to the paid-in capital of the parent company. If the issuer's shares have no denomination or the denomination per share is not NT\$10,

the provision of transaction amount of 20% of the paid-in capital is calculated based on 10% of the equity attributable to owners of the parent company on the balance sheet.

Note 3: The date of transaction refers to the earliest date among the contract signing date, payment date, commission transaction date, transfer date, board resolution date,

or any other date that can determine the counterparty and transaction amount.

Note 4: The date of transaction refers to the date of the contract signing. The company has acquired the right to transfer property ownership on December 28, 2023.

## Attachment 6

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	\$250,083	Note 1	30-60 days	\$-	-	\$(50,275)	(8)%	
	Anfeng Enterprise Co., Ltd.	Investee accounted for using the equity method	Sales	(261,393)	-3%	30-60 days	-	-	111,055	10%	
	LeeBao Security Co., Ltd.	Subsidiary accounted for using the equity method	Purchase	262,287	6%	30-60 days	-	-	(21,907)	(3)%	
	Titan Star International Co., Ltd.	Subsidiary accounted for using the equity method	Note 2	545,083	Note 2	30-60 days	-	-	(161,049)	25%	
<u>Goldsun Express &amp; Logistics Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Investee accounted for using the equity method	Note 3	(543,644)	Note 3	30 days	-	-	105,578	64%	

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 revenue.

## 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	\$111,055	2.16	\$-	\$-	\$26,036	\$-

※ 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			
<u>Taiwan Secom Co., Ltd.</u>	Speed Investment Co., Ltd.	Taipei City	Investment holding	\$198,200	\$198,200	311,124,598	100.00%	\$3,478,014	\$277,793	\$202,521
	LeeBan Security Co., Ltd.	Taipei City	Security services providing	198,006	198,006	103,983,458	100.00%	1,789,863	323,368	322,946
	Goyun Security Co., Ltd.	Kaohsiung City	Security services providing	40,034	40,034	27,705,510	100.00%	566,601	101,132	99,725
	Chung Hsing E-Guard Co., Ltd.	Taipei City	Sales of electric, telecommunications and fireproof products	20,000	20,000	2,000,000	100.00%	11,899	2,896	133
	Goldsun Express & Logistics Co., Ltd.	New Taipei City	Air cargo transporting services	613,878	613,878	59,464,914	100.00%	677,064	29,790	29,442
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	-	-	29,321,619	83.77%	642,830	224,554	172,604
	Gowin Building Management and Maintenance Co., Ltd.	Taipei City	Building management services providing	101,911	101,911	28,463,488	80.96%	588,007	241,351	189,972
	Aion Technologies Inc.	Taipei City	Technology support services	186,358	178,243	15,576,721	90.17%	252,633	56,718	31,143
	Zhong Bao Insurance Services Inc.	Taipei City	Insurance broker	13,063	13,063	912,600	90.00%	29,401	7,860	7,074
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	87,125	87,125	6,858,894	34.29%	132,235	106,216	32,677
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital video and movie distribution	186,480	186,480	683,920	1.93%	4,115	2,700	52
	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%	684,747	5,363	3,848
	Brightron Technology and Engineering Corporation	Taipei City	Light controlling system services	6,776	6,776	2,085,434	5.18%	13,223	2,109	(3,170)
	Golden Harvest Food Enterprise Ltd.	Taipei City	Catering services	520,874	520,874	12,010,227	97.84%	571,302	52,182	50,835
	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%	1,828,144	3,530,978	232,579
	TransAsia Airways Corp.	Taipei City	Aviation services	833,409	833,409	76,245,604	10.05%	-	-	-
	Tech Elite Holdings Ltd.	Hong Kong	Investment holding	66,416	66,416	2,000,000	39.22%	-	-	-
	Anfeng Enterprise Co., Ltd.	Taipei City	Automated Teller Machine (ATM) services	10,820	10,820	900,000	30.00%	16,061	6,942	2,083
	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%	286,117	(9,334)	(3,969)
	GALC Inc.	Taipei City	Manufacturing of metal structures and building components	9,000	9,000	900,000	30.00%	12,779	11,426	3,428
<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	133,806,110	100.00%	2,139,492	224,301	224,301
	Jiansheng International Co., Ltd.	Taipei City	Medical equipment and AED rental services	20,000	20,000	2,000,000	100.00%	20,552	442	467
	Lots Home Entertainment Co., Ltd.	Taipei City	Digital video and movie distribution	375,568	375,568	29,865,578	84.10%	180,163	2,700	2,338
	Ching-Dian Tech Co., Ltd.	Taipei City	POS system for retail	147,780	147,780	13,992,000	93.28%	158,347	9,891	7,999
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	103,446	103,446	9,385,856	46.93%	210,708	106,216	50,858
	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%	71,715	5,363	397
	Zhong Bao Insurance Services Inc.	Taipei City	Insurance broker	1,927	1,927	101,400	10.00%	3,267	7,860	786
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	144,679	89,181	10,472,699	0.89%	232,440	3,530,978	25,952
	Brightron Technology and Engineering Corporation	Taipei City	Light controlling system services	124,740	124,740	28,201,692	70.00%	254,962	2,109	(142)
	Star Power Solutions Taiwan Limited	Taipei City	Energy-saving solutions technology	30,000	15,300	3,000,000	100.00%	7,263	(9,004)	(5,968)
	Epic Tech Taiwan Inc.	Taipei City	Information management platform	79,200	55,200	3,804,525	79.58%	21,327	(22,008)	(17,485)
	MyStory Entertainment Co., Ltd.	Taipei City	Video content development and investment	102,000	102,000	10,200,000	51.00%	87,662	(22,229)	(11,337)
	Baohwa Trust Co., Ltd.	Taipei City	Information Security Services	60,000	30,000	6,000,000	75.00%	30,951	(21,828)	(13,782)
	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	20,000	20,000	2,000,000	94.67%	12,766	(3,845)	(3,828)
<u>Titan Star International Co., Ltd.</u>	eSkylink Inc.	Taipei City	Telecom value-added network services	7,301	7,301	884,016	19.71%	28,203	40,011	8,072
	Brightron Technology and Engineering Corporation	Taipei City	Light controlling system services	30,244	30,244	2,303,654	5.72%	32,035	2,109	35
	TransAsia Airways Corp.	Taipei City	Aviation Services	54,007	54,007	4,405,028	0.58%	-	-	-
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	317,979	317,979	43,923,710	3.72%	935,803	3,530,978	131,407
	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%	63,910	5,363	496

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

※ 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			
<u>Goldsun Express &amp; Logistics Co., Ltd.</u>	Goldsun Express Co., Ltd.	Taipei City	The custom broker services	\$26,833	\$26,833	3,316,248	100.00%	\$37,137	\$949	\$949
<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%	45,905	241,351	14,739
	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%	11,258	9,891	662
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	42,045	42,045	4,531,136	0.38%	76,721	3,530,978	13,510
	Guoyun Technology Co., Ltd.	Kaohsiung City	Car parking lot services	150,000	150,000	20,000,000	100.00%	206,938	6,516	6,516
	Lots Home Entertainment Co., Limited	Taipei City	Digital video and movie distribution	1,814	1,814	1,240,668	3.49%	7,441	2,700	94
<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%	135,440	241,351	31,079
	Lee Way Electronics Co., Ltd.	Taipei City	Police-Citizen connection and AED rental services	20,020	20,020	1,804,972	9.02%	42,745	106,216	9,975
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	287,475	287,475	16,300,599	1.38%	384,317	3,530,978	48,757
	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%	9,098	866	866
	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%	45,403	5,363	280
<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%	85,106	17,240	17,209
	KuoHsing Security Co., Ltd.	Taipei City	Corporate security guarding services	12,515	12,515	506,692	1.45%	18,094	224,554	3,929
	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	94,214	79,807	5,029,913	0.43%	104,419	3,530,978	11,328
	Gowin Smart Parking Co., Ltd.	Taipei City	Car parking lot services	100,000	50,000	10,000,000	100.00%	125,850	23,364	23,349
<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%	115,371	49,708	49,708
	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%	31,916	5,363	264
<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%	71,173	6,758	6,758
	Baohong Technology Co., Ltd.	Taipei City	Information software services	6,500	6,500	650,000	65.00%	6,453	(50)	(36)
<u>Aion Technologies Inc.</u>	Brighton Technology and Engineering Corporation	Taipei City	Light controlling system services	81,623	81,623	6,132,000	15.22%	86,851	2,109	321
	Goldsun Building Materials Co., Ltd.	Taipei City	Ready mixed concrete, real estate sale, and lease	76,600	76,600	3,499,811	0.30%	92,079	3,530,978	9,249
	Epic Tech Taiwan Inc.	Taipei City	Information management platform	19,800	13,800	951,131	19.89%	5,332	(22,008)	(4,371)
<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%	23,092	11,302	3,398
	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	205,172	205,172	7,931,574	0.67%	207,765	3,530,978	23,729
	Living Plus Food & Beverage Co., Ltd.	Taipei City	Catering services	14,180	14,180	112,700	5.33%	719	(3,845)	395
<u>Ching-Dian Tech Co., Ltd.</u>	Goldsun Building Materials Co., Ltd.	Taipei City	Sales of digital signage, monitors, and etc.	101,478	101,478	4,145,000	0.35%	114,084	3,530,978	12,403
<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%	139,617	3,530,978	20,196
<u>Living Plus Food &amp; Beverage Co., Ltd.</u>	Pony Drink Dream Co., Ltd.	Taipei City	Catering services	-	7,000	-	0.00%	-	(2,999)	(1,302)
<u>Golden Harvest Food Enterprise Ltd.</u>	Tai-Shun Shi Ye Co., Ltd.	Taipei City	Garment Industry	29,900	29,900	2,990,000	100.00%	61,129	33,443	32,754
<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%	63,676	4,150	4,150
	Comlink Fire Systems Inc.	Taoyuan City	Wholesale of fire safety equipment	40,917	40,917	206,250	100.00%	14,860	(608)	(608)
<u>LeeBao Technology Co., Ltd.</u>	Baohong Technology Co., Ltd.	Taipei City	Network software services	500	500	50,000	5.00%	496	(50)	(3)
<u>Comlink Fire Systems Inc.</u>	Litnet Corporation	Taipei City	Light controlling system services	2,000	-	200,000	100.00%	1,946	(54)	(54)

(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 December 31, 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of December 31, 2023	Accumulated Inward Remittance of Earnings as of Outflow December 31, 2023
					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 2023/12/31	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 3)
\$-	\$120,801	\$7,837,317

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%

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; %

Item	Year	December 31 2023	December 31 2022	Difference	
				Amount	%
Current assets		9,172,935	9,674,302	(501,367)	-5.18%
Investments accounted for using equity method		4,481,643	4,230,179	251,464	5.94%
Property, plants, and equipment		9,480,823	8,825,335	655,488	7.43%
Other non-current assets		3,724,989	3,173,575	551,414	17.38%
<b>Total assets</b>		<b>26,860,390</b>	<b>25,903,391</b>	<b>956,999</b>	<b>3.69%</b>
Current liabilities		7,962,009	8,870,692	(908,683)	-10.24%
Non-current liabilities		5,836,187	4,503,272	1,332,915	29.60%
<b>Total liabilities</b>		<b>13,798,196</b>	<b>13,373,964</b>	<b>424,232</b>	<b>3.17%</b>
Share capital		4,511,971	4,511,971	-	0.00%
Capital surplus		1,063,044	906,891	156,153	17.22%
Retained earnings		7,302,039	6,977,205	324,834	4.66%
Other equities		(56,445)	(91,087)	34,642	-38.03%
Treasury stock		(232,862)	(263,255)	30,393	-11.55%
Non-controlling interests		474,447	487,702	(13,255)	-2.72%
<b>Total equity</b>		<b>13,062,194</b>	<b>12,529,427</b>	<b>532,767</b>	<b>4.25%</b>

- Main reasons of significant changes in assets, liabilities, and equity in the most recent two fiscal years:
  1. The increase in non-current liabilities was mainly attributable to the increase in long-term borrowings.
  2. The increase in other equities was mainly attributable to the recognition of unrealized gains on financial assets at fair value through other comprehensive gains or losses.
- Impact of changes in financial position in the last two years: No significant impact on financial position.
- Future countermeasures: Not applicable.

## 7-2 Financial Performance

Unit: NT\$ thousand ;%

Item	Year	2023	2022	Amount (increase/decrea se)	Rate of change (%)
Net operating income		17,073,977	15,357,445	1,716,532	11.18%
Operating costs		11,495,601	10,283,900	1,211,701	11.78%
Gross profit		5,578,376	5,073,545	504,831	9.95%
Operating expenses		2,937,962	2,609,488	328,474	12.59%
Operating net income (loss)		2,640,414	2,464,057	176,357	7.16%
Non-operating Income and Expenses		551,495	667,136	(115,641)	-17.33%
Net profit before tax		3,191,909	3,131,193	60,716	1.94%
Income tax expense		(569,915)	(523,243)	46,672	8.92%
Current period net profit		2,621,994	2,607,950	14,044	0.54%
Other current comprehensive income or loss (net after-tax)		43,962	(790)	44,752	-5664.81%
Total consolidated income for the period		2,665,956	2,607,160	58,796	2.26%
Profit attributable to owners of the parent company		2,591,253	2,578,741	12,512	0.49%
Comprehensive income attributable to owners of the parent company		2,630,249	2,582,280	47,969	1.86%
<ul style="list-style-type: none"> <li>● Analysis and explanation of the increase or decrease in ratio in the last two years:           <ul style="list-style-type: none"> <li>1. The increase in other current comprehensive income or loss was mainly attributable to the recognition of unrealized valuation gains on investments in equity instruments measured at fair value through other comprehensive gains or losses.</li> </ul> </li> <li>● Expected sales for the next one year and its basis: Please refer to I. Report to Shareholders on page 1.</li> <li>● Effect of financial position and changes in the most recent fiscal years: No significant effects in the financial position.</li> <li>● Future countermeasures: Not applicable.</li> </ul>					

## 7-3 Cash Flow Analysis

### 7-3-1 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	Cash surplus (shortage)	Remedy for cash shortage	
				Investment plan	Financial plan
5,153,467	3,327,406	3,790,540	4,690,333	-	-

Analysis of changes in cash flow for current year:

(1) Operating activities: primarily impacted by net profit before tax.

- (2) Investment activities: primarily due to net cash outflows during the acquisition of property, plants, and equipment.
- (3) Fundraising activities: primarily due to the cash outflow from dividend distribution of retained earnings.

7-3-2 Improvement plan for liquidity shortfall: Not applicable.

7-3-3 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	Estimated cash surplus (shortage)	Remedy for estimated cash shortage	
				Investment plan	Financial plan
4,690,333	3,421,077	3,675,291	4,436,119	-	-

Analysis of changes in cash flow over the next year:

- (1) Business activities: mainly estimated sales growth resulting in estimated operating profit.
- (2) Investment activities: mainly for the 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 2023 and 2022 were NT\$540,821 thousand and NT\$661,774 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 exchange gains for 2023 were NT\$2,150 thousand, interest income was NT\$28,416 thousand and the interest expenses were NT\$112,518 thousand

2. Impact of Inflation on Company's profit and loss:

The recent annual interest rate changes have been minimal, and inflation has been moderate,

which has had no significant impact on the company's losses.

3. The Company's specific measures in response to exchange rate changes, interest rate changes and inflation:

The company adopts a natural hedging approach to reduce the exchange rate risk caused by currency fluctuations.

7-6-2 Policies on engaging in high risk, high leverage investments, loaning funds to others, endorsements and guarantees, as well as derivative transactions, main causes of profit and loss, as well as future countermeasures:

The Company takes a safe and steady approach in its financial operations and is not engaged in high-risk and highly leveraged investment activities, nor has it engaged in derivatives trading. The Company's lending or endorsing as a guarantor are subject to the Operating Procedures for Loans to Others and Endorsement and Guarantee to protect the Company's best rights and interests.

7-6-3 Future R&D plans and expected investment in R&D budget:

The Company's focus its future operations on the integration services of the My Vita IoT system and will add more My Vita AI smart products and functions. More innovative services and products such as My Vita App functions, integration of mobile phones and new technological products, smart image (facial) recognition systems, upgrading of smart patrol will be offered. Innovative services and products will also move from Smart Home to Smart City, and AI, smart transportation (parking lots), smart streetlights, 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 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, invests in R&D needed in a timely manner, adjusts operating strategies, and ensures 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 over-concentration 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 countermeasures: on April 27, 2023, the relevant personnel of the Company were prosecuted by the prosecutor for violating the provisions of the Securities and Exchange Act. 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.

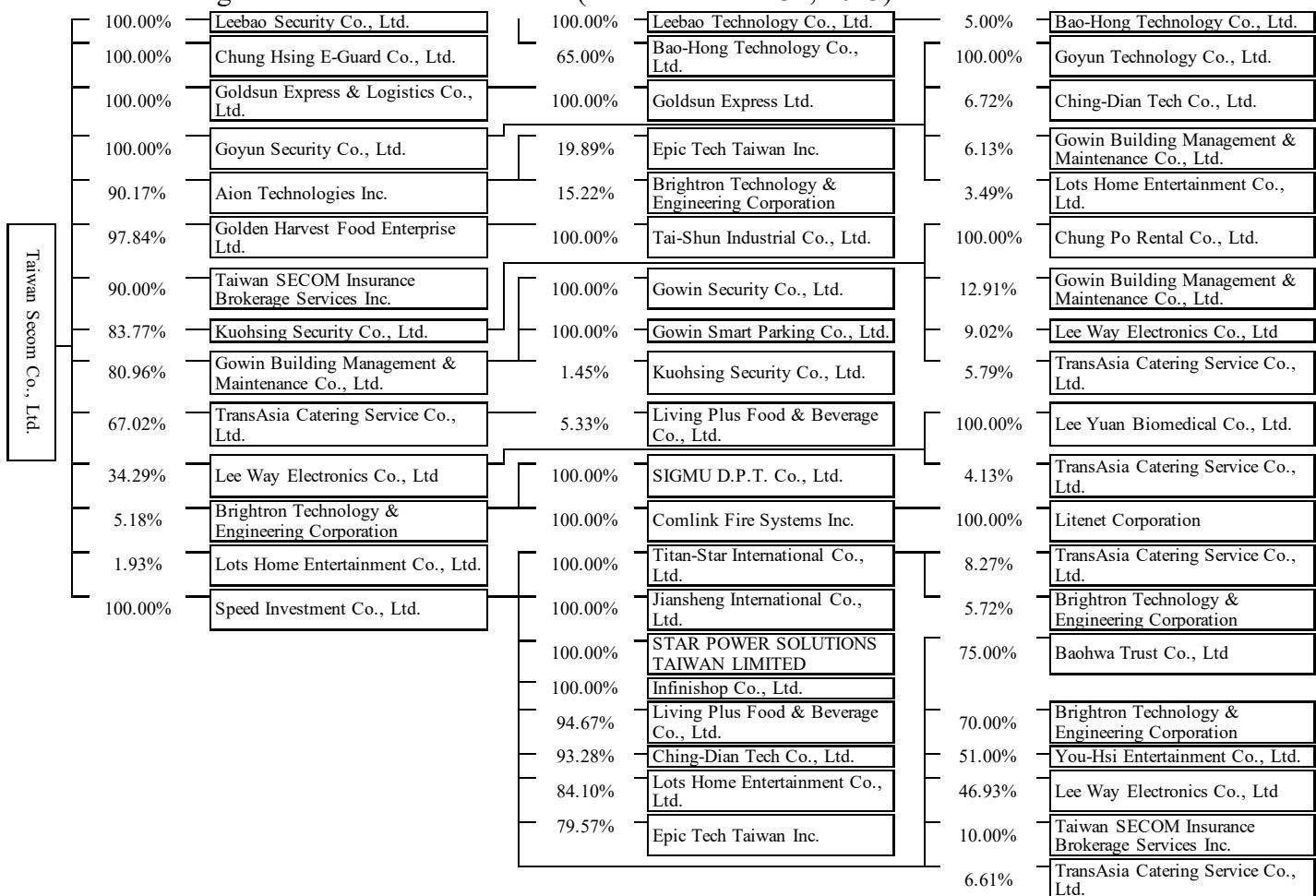
7-7 Other important matters: None.

## 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, 2023)



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 affiliate

Unit: thousand; (Unless otherwise specified, all values in NT\$)

Company name	Date of establishment	Address	Paid-in 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	3,111,246	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	1,338,061	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 Business
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 services
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

Company name	Date of establishment	Address	Paid-in capital	Main business activities
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, Zhongan Street, Sanchong District, New Taipei City,	10,000	Container leasing, warehousing, residential and building development renting and sales, real estate leasing, etc.
Gowin Smart Parking Co., Ltd.	2016.01.14	4F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	100,000	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
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
Star Power Solutions Taiwan Limited	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	47,811	Wholesale of nonalcoholic beverages, software, information process,

Company name	Date of establishment	Address	Paid-in capital	Main business activities
				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, radio and television advertising, and video program tape.
Baohwa Trust Co., Ltd	2022.03.21	5F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	80,000	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.

Company name	Date of establishment	Address	Paid-in capital	Main business activities
Litenet Corporation	2023.09.25	6F., No.139, Zhengzhou Rd., Datong Dist., Taipei City	2,000	Other metal product manufacturing, other machinery manufacturing, electrical and audio-visual electronic product manufacturing, wired communication equipment manufacturing.

3. Information of shareholders in controlling and controlled entities: N/A

4. Industries covered by all affiliates:

(1) The businesses operated by the Company and its affiliates include:

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.

Security maintenance of the transportation of cash or high-value cargo.

Personal safety maintenance.

System planning, design, maintenance, repair and installation of anti-theft, fire prevention, disaster prevention and other related equipment and appliances.

Information service.

Investment in production and services.

Manufacturing, trading and processing of mainframes and sensors of fire-proof and anti-theft equipment.

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 Managers of Affiliates

Company name	Job title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
Kuohsing Security Co., Ltd.	Chairman	Representative: Lin Fei-Chang	29,321,619	83.77%	Taiwan Secom Co., Ltd.
	Director	Representative: Hsu Lan-Ying			
	Director	Representative: Lu Hung-Liang			
	Supervisor	Representative: Chen Su-Ling	506,692	1.45%	
Gowin Building Management & Maintenance Co., Ltd.	Chairman	Representative: Lin Chih-Fang	28,463,488	80.96%	Taiwan Secom Co., Ltd.
	Director	Representative: Chang Lan-Ching			
	Director	Representative: Lin Lei			
	Supervisor	Representative: Chen Su-Ling	4,540,260	12.91%	
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	15,576,721	90.17%	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	311,124,598	100.00%	Taiwan Secom Co., Ltd.
	Director	Representative: Chen Su-Ling			
	Director	Representative: Chang Lan-Ching			

Company name	Job title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
Goldsun Express & Logistics Co., Ltd.	Chairman	Representative: 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	133,806,110	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			
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.
Brightron Technology & Engineering Corporation	Chairman	Representative: Lin Lei	6,132,000	15.22%	Aion Technologies Inc.
	Director	Representative: Lin Ming-Sheng			
	Director	Representative: Chin			

Company name	Job title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
		Hsiao-Tang			
Lots Home Entertainment Co., Ltd.	Supervisor	Representative: Chen Su-Ling	2,303,654	5.72%	Titan-Star International 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			
Leebao Technology Co., Ltd.	Supervisor	Representative: Chen Su-Ling	29,865,578	84.10%	Speed Investment Co., Ltd.
	Chairman	Representative: Kao Chang- Hsiung	5,000,000	100.00%	Leebao Security Co., Ltd.
	Director	Representative: Chen Su-Ling			
Gowin Security Co., Ltd.	Director	Representative: Su Ying-Chang			
	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	10,000,000	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			

Company name	Job title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
	Director	Representative: Chang Lan-Ching			
Comlink Fire Systems Inc.	Chairman	Representative: Lin Lei	206,250	100%	Brightron 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: Lin Hong-Wei			
	Director	Representative: Chang Lan-Ching			
	Supervisor	Representative: Chen Su-Ling			
Chung Po Rental Co., Ltd.	Chairman	Representative: Lin Fei-Chang	1,000,000	100.00%	Kuohsing Security Co., Ltd.
	Director	Representative: Hsu Lan-Ying			
	Director	Representative: Lu Hung-Liang			
SIGMU D.P.T. Co., Ltd.	Chairman	Representative: Lin Lei	3,080,800	100%	Brightron 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			
	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: Chou Hsing-Kuo	3,000,000	100%	Speed Investment Co., Ltd.
	Director	Representative: Lin Chien-Han			

Company name	Job title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented	
			Number of shares	Ownership held by the Company		
Epic Tech Taiwan Inc.	Director	Representative: Chang Lan-Ching			Speed Investment Co., Ltd.	
	Chairman	Representative: Lin Ming-Sheng	3,804,525	79.57%		
	Director	Representative: Lin Chien-Han				
	Director	Representative: Chang Nai-Sen				
Golden Harvest Food Enterprise Ltd.	Supervisor	Representative: Chen Ying-Chun	951,131	19.89%	Aion Technologies Inc.	
	Chairman	Representative: Lin Chun-Mei	12,010,227	97.83%		
	Director	Representative: Wu Yu- Lun				
	Director	Representative: Lin Hong-Wei				
Tai-Shun Industrial Co., Ltd.	Supervisor	Representative: Chen Su-Ling				
	Chairman	Representative: Chiu Pi-Hua	2,990,000	100%	Golden Harvest Food Enterprise Ltd.	
	Director	Representative: Lin Chun-Mei				
You-Hsi Entertainment Co., Ltd.	Director	Representative: Lin Hong-Wei				
	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%	CTBC Bank Co.Ltd.	
	Director	Representative: Hu Ting-Li				
Baohwa Trust Co., Ltd	Supervisor	Representative: Hao Bo-Hsiang				
	Supervisor	Representative: Chuang Chih-Chiang				
	Chairman	Representative: Chen Ying-Chun	6,000	75%	Speed Investment Co., Ltd.	
	Director	Representative: Lin Chien-Han				
	Director	Representative: Chou Hsing-Kuo				

Company name	Job title (Note 1)	Name or name of representative	Shareholding (Note 2 and 3)		Legal entity represented
			Number of shares	Ownership held by the Company	
Bao-Hong Technology Co., Ltd.	Director	Representative: Chen Ming-Shih	2,000	25%	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 affiliate 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 NT\$)

Company Name	Capital	Total assets	Total liabilities	Net value	Operating revenue	Operating income	Current profit and loss (after tax)	Earnings per share (NT\$; after tax)
Kuohsing Security Co., Ltd.	350,025	1,391,624	143,405	1,248,219	1,319,897	131,201	224,554	6.42
Gowin Building Management & Maintenance Co., Ltd.	351,578	1,626,366	718,214	908,152	1,566,969	228,963	241,351	6.86
Goyun Security Co., Ltd.	277,055	691,356	90,978	600,378	801,101	74,524	99,828	3.60
Leebao Security Co., Ltd.	1,039,835	3,336,582	1,546,712	1,789,870	1,409,989	405,693	323,129	3.11
Aion Technologies Inc.	172,752	420,280	96,238	324,042	382,493	63,496	56,718	3.28
Speed Investment Co., Ltd.	3,111,246	4,096,325	18,377	4,077,948	298,519	278,621	277,793	0.89
Goldsun Express & Logistics Co., Ltd.	594,649	1,559,629	882,978	676,651	1,029,151	39,174	29,790	0.50
Chung Hsing E-Guard Co., Ltd.	20,000	76,860	292	76,568	53,335	88	2,904	1.45
Lee Way Electronics Co., Ltd	200,000	589,798	163,089	426,709	329,198	66,148	104,911	5.25
Titan-Star International Co., Ltd.	1,338,061	2,395,320	294,877	2,100,443	548,323	96,218	224,301	1.68
Goldsun Express Ltd.	33,612	40,661	3,524	37,137	11,512	1,016	949	0.28
Taiwan SECOM Insurance Brokerage Services Inc.	10,140	46,752	14,084	32,668	23,826	9,245	7,860	7.75
Brightron Technology & Engineering Corporation	402,859	781,974	466,033	315,941	856,788	720	962	0.02
Lots Home Entertainment Co., Ltd.	355,123	255,305	42,104	213,201	2,053	(15,301)	2,700	0.08
Leebao Technology Co., Ltd.	50,000	103,453	32,281	71,172	124,390	5,656	6,758	1.35
Gowin Security Co., Ltd.	40,000	126,521	41,414	85,107	405,895	21,560	17,240	4.31
Ching-Dian Tech Co., Ltd.	150,000	224,993	57,457	167,536	89,993	(5,575)	9,891	0.66
Goyun Technology Co., Ltd.	200,000	330,743	125,282	205,461	237,264	6,294	5,039	0.25
Comlink Fire Systems Inc.	2,063	15,898	1,038	14,860	509	(645)	(607)	(2.94)
Lee Yuan Biomedical Co., Ltd.	50,000	164,241	48,870	115,371	138,887	61,544	49,708	9.94
SIGMU D.P.T. Co., Ltd.	30,808	110,712	48,739	61,973	108,023	3,360	2,447	0.79
Gowin Smart Parking Co., Ltd.	100,000	205,072	79,222	125,850	196,702	29,269	23,364	2.34
TransAsia Catering Service Co., Ltd.	366,480	1,154,498	381,699	772,799	453,901	(57,015)	5,986	0.16
Chung Po Rental Co., Ltd.	10,000	10,202	1,109	9,093	1,677	803	866	0.87
Living Plus Food & Beverage Co., Ltd.	21,127	13,765	280	13,485	2,418	(2,589)	(3,845)	(1.82)
Jiansheng International Co., Ltd.	20,000	54,023	33,495	20,528	552	276	418	0.21
Sunseap Solutions Taiwan Ltd.	30,000	8,886	1,653	7,233	11,203	(9,381)	(9,004)	(3.00)
Epic Tech Taiwan Inc.	47,811	34,854	8,051	26,803	4,453	(22,132)	(22,008)	(4.60)
Golden Harvest Food Enterprise Ltd.	122,760	647,020	426,129	220,891	1,222,800	25,834	56,584	4.61
Tai-Shun Industrial Co., Ltd.	29,900	90,788	29,659	61,129	153,902	39,271	33,443	11.18
Bao-Hong Technology Co., Ltd.	10,000	10,330	397	9,933	448	104	(50)	(0.05)
You-Hsi Entertainment Co., Ltd.	200,000	174,547	2,661	171,886	0	(22,551)	(22,229)	(1.11)
Baohwa Trust Co., Ltd	80,000	51,186	10,124	41,062	28,573	(22,116)	(22,034)	(2.75)
LITENET CORPORATION	2,000	1,948	2	1,946	0	(57)	(53)	(0.27)

Declaration

The Company hereby declares that the companies required to be included in the consolidated financial statements of affiliates (from January 1, 2023 to December 31, 2023) 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 declare,

Company Name: Taiwan Secom Co., Ltd.

Chairman: Lin Hsiao-Hsin

March 12, 2024

8-2 Private equity securities transactions in recent years and to the publication date of the annual report: None.

8-3 Holding or disposal of the company's shares by the subsidiaries in the most recent year and to the publication date of the annual report:

Name of subsidiary	Paid-in capital	Source 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.	3,111,246	Self-owned capital	100.00%	2023.2.6~2023.11.20	-	1,243,000 shares 136,011 thousand	75,254	2,204,198 shares 268,912 thousand	None	-	-
Kuohsing Security Co., Ltd.	350,025	Self-owned capital	83.77%	-	-	-	-	3,625,284 shares 442,285 thousand	None	-	-
Gowin Building Management & Maintenance Co., Ltd.	351,578	Self-owned capital	80.96%	-	-	-	-	982,564 shares 119,873 thousand	None	250,000	200,000
Goyun Security Co., Ltd.	277,055	Self-owned capital	100.00%	-	-	-	-	252,820 shares 30,844 thousand	None	-	-
Chung Hsing E-Guard Co., Ltd.	20,000	Self-owned capital	100.00%	-	-	-	-	552,655 shares 67,424 thousand	None	-	-
Lee Way Electronics Co., Ltd	200,000	Self-owned capital	34.29%	-	-	-	-	163,284 shares 19,921 thousand	None	-	-
Golden Harvest Food Enterprise Ltd.	122,760	Self-owned capital	97.84%	-	-	-	-	56,000 shares 6,832 thousand	None	-	-
As of the printing date of this annual report				-	1,243,000 shares 136,011 thousand	75,254	7,836,805 shares 956,091 thousand	None	-	-	-

Note:1 The paid-in capital, the amount of the Company's endorsement, the guarantee for subsidiaries, and the amount of loan to subsidiaries are all information as of the printing date of the annual report.

Note:2 The above table has no material impact on the financial performance and financial position of the Company.

Note:3 The investment income is recognized as "Unappropriated earnings", and has no material impact on the financial performance and financial position of the Company.

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 COMPANY LTD.  
Annual Report 2023



Chairman

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