

TAIWAN SECOM COMPANY LTD.

Stock Symbol : 9917

## 2020 Annual Shareholders' Meeting Meeting Agenda (Translation)



Time: 9:00 a.m. on June 16, 2020 (Tuesday)

Venue: 1F, No. 77, AnXing Rd., Xindian Dist., New Taipei City, Taiwan  
(Xi Hall, Platinum Hotel)

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# Taiwan Secom Co., Ltd.

## Meeting Procedures for the 2020 General Shareholders' Meeting

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# Taiwan Secom Co., Ltd.

## Agenda for the 2020 General Shareholders' Meeting

Time: 9:00 a.m. on June 16, 2020 (Tuesday)

Venue: 1F, No. 77, AnXing Rd., Xindian Dist., New Taipei City, Taiwan (Xi Hall, Platinum Hotel)

Address by the Chairman

### I.Matters to Report

- (1) 2019 Business Report and Financial Report
- (2) Audit Committee's review report on the 2019 financial statements
- (3) 2019 Distribution of remuneration to employees and Directors
- (4) Amendments to the "Revised Business Conduct" and "Procedures for Ethical Management and Guidelines for Conduct"

### II.Matters for Recognition

- (1) Ratification of the 2019 Business Report and Financial Statements
- (2) Ratification of distribution of the 2019 retained earnings

### III.Matters for Discussions

Partial amendment to the " Rules of Procedure for Shareholders Meetings"

### IV.Election Matters

Election of all Directors of the Company

### V.Extemporary Motions

### VI.Adjournment

## **[Report Items]**

### **I. 2019 Business Report and Financial Report**

Taiwan Secom Co., Ltd. and subsidiaries

2019 Consolidated business report and financial report

The Company's 2019 net operating income was NTD 13,411,677 thousand, which was an increase of NTD 18,058 thousand or 0.13%, from NTD 13,393,619 thousand in the same period in 2018. The net operating income was NTD 2,533,016 thousand, which was a decrease of NTD 27,619 thousand or 1.08%, from NTD 2,560,635 thousand in the same period in 2018. The Income before income tax was NTD 2,678,818 thousand, which was an increase of NTD 134,043 thousand or 5.27%, from NTD 2,544,775 thousand in the same period in 2018. Revenue distribution by core segment is as below:

1. Electronic system segment revenue was NTD 6,628,124 thousand, a 1.83% year-over-year decrease compared with its revenue of 2018.
2. Static guard service segment revenue was NTD 2,259,979 thousand, a 2.04% year-over-year decrease compared with its revenue of 2018.
3. Cash delivery segment revenue was NTD 1,004,275 thousand, a 12.36% year-over-year increase compared with its revenue of 2018.
4. Logistics service segment revenue was NTD 857,257 thousand, a 9.97% year-over-year decrease compared with its revenue of 2018.
5. Other operating segments' revenue was NTD 2,662,042 thousand, a 2.55% year-over-year decrease compared with its revenue of 2018.

Chairman: LIN Hsiao-Hsin

Chief Executive Officer: Hirofumi Onodera

Chief Accounting Officer: CHEN Su-Ling

## **Independent Auditors' Report Transacted from Chinese**

To Taiwan Secom Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated balance sheets of Taiwan Secom Co., Ltd. (the "Company") and its subsidiaries as of December 31, 2019 and 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2019 and 2018, and their consolidated financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2019 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.

#### **1. Impairment on Investments Accounted for Under the Equity Method**

As of December 31, 2019, the Company and its subsidiaries' investments accounted for under the

equity method amounted to NT\$3,345,514 thousand, which accounted for 15% of consolidated total assets. Management assesses and implements impairment testing whenever there is any indication that an investment accounted for under the equity method is impaired. Given the fact that the amount of investments accounted for under the equity method is significant to the Company and its subsidiaries', the impairment assessment process involves significant management judgment of assumptions used and the calculation model is complicated as well. We determined the matter as a key audit matter.

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

- (1) For the investments accounted for under the equity method which has the indication of impairment, we analyze the method and assumption used by management for impairment testing, which include the reasonableness, completeness, and relation of expected future cash flow, and examine the recoverable amount.
- (2) We adopt our internal professional appraiser to evaluate the management's assessment to assist us to assess the evaluation assumption and method, especially for the parameters of weighted average cost of capital, expected revenue growth rate, discount rate on pre-tax income and rate of gross profit.

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

## 2. Revenue Recognition

Revenue recognized by the Company and its subsidiaries' amounted to NT\$13,411,677 thousand for the year ended December 31, 2019, and the revenue consists of security system revenue which is the Company's main source of revenue. The customer contracts include various performance conditions and terms, due to the practice of the industry. The company need to make the judgment when the performance obligation is completed based on the terms of customer orders or contracts, and recognized revenue when the Company satisfies a performance obligation. Due to the revenue derived from rendering service received in advance, the timing to recognize the revenue is significant judgment for the Company is determined as a key audit matter.

Our audit procedures included, but not limited to:

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

- (2) Selecting samples to perform tests of details, reviewing significant terms and condition of contracts and assessing the performance obligation and the trading price to verify the occurrence of sales transaction.
- (3) Acquiring the detail of the revenue recognition for the contract liabilities for security system revenue by month, and selecting samples to renew the contract period and reassess the accuracy of the amount of revenue recognition to verify the reasonableness of the timing of revenue recognition.
- (4) Executing cut-off testing procedures.

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

### **Emphasis of Matter – Applying for New Accounting Standards**

We draw attention to Note 3 of the consolidated financial statements, which describes the Company and its subsidiaries applied for the International Financial Reporting Standard 16, “Leases” starting from January 1, 2019, and elected not to restate the consolidated financial statements for prior periods. Our conclusion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the ability to continue as a going concern of the Company and its subsidiaries, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the



Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2019 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **Others**

We have audited and expressed an unqualified opinion including an Emphasis of Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended December 31, 2019 and 2018.

Yu, Chien-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan

March 20, 2020

### **Notice to Readers**

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
December 31, 2019 and December 31, 2018  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	4 and 6	\$6,315,683	28	\$5,021,795	24
Financial assets at fair value through profit or loss, current	4 and 6	6,295	-	6,124	-
Financial assets at fair value through other comprehensive income, current	4 and 6	28,050	-	165,764	1
Financial assets measured at amortized cost, current	4 and 6	208,578	1	203,363	1
Contract assets, current	4 and 6	122,204	-	110,715	-
Notes receivables, net	4 and 6	187,506	1	233,423	1
Accounts receivables, net	4 and 6	736,475	3	755,237	4
Accounts receivables from related parties, net	4, 6 and 7	162,428	1	198,158	1
Operating lease receivables, net	4 and 6	55,602	-	-	-
Finance lease receivables, net	4 and 6	48,465	-	40,483	-
Inventories, net	4 and 6	350,821	2	315,774	2
Prepayments		434,700	2	518,897	2
Other current assets		190,330	1	196,397	1
<b>Total current assets</b>		<b>8,847,137</b>	<b>39</b>	<b>7,766,130</b>	<b>37</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income, non-current	4 and 6	381,307	2	475,954	2
Financial assets measured at amortized cost, non-current	4 and 6	112,406	1	99,655	-
Investments accounted for under the equity method	4 and 6	3,345,514	15	3,217,147	15
Property, plant and equipment	4, 6, 7 and 8	6,761,760	30	7,016,933	34
Right-of-use assets, net	4 and 6	538,484	2	-	-
Investment property, net	4 and 6	63,125	-	63,636	-
Intangible assets	4 and 6	419,227	2	430,940	2
Deferred tax assets	4 and 6	415,212	2	413,705	2
Prepayment for equipment	7	1,034,383	5	789,301	4
Refundable deposits	7	288,342	1	350,206	2
Long-term receivables	6	48,451	-	42,359	-
Long-term lease receivables	4 and 6	133,990	1	120,499	1
Other assets, non-current	6 and 8	109,315	-	101,714	1
<b>Total non-current assets</b>		<b>13,651,516</b>	<b>61</b>	<b>13,122,049</b>	<b>63</b>
<b>Total assets</b>		<b>\$22,498,653</b>	<b>100</b>	<b>\$20,888,179</b>	<b>100</b>

Special reserve		170,798	1	131,578	1
Unappropriated earnings		2,112,670	9	2,087,315	10
<b>Other components of equity</b>	4 and 6	(58,666)	-	(170,798)	(1)
<b>Treasury stock</b>	4, 6 and 8	(288,389)	(1)	(288,389)	(1)
<b>Non-controlling interests</b>		444,908	2	481,317	2

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
December 31, 2019 and December 31, 2018  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
<b>Current liabilities</b>					
Short-term loans	4, 6 and 8	\$3,770,000	17	\$2,550,000	12
Short-term bills payable	6	350,000	1	-	-
Contract liabilities, current	4 and 6	1,287,933	6	1,289,681	6
Notes payables		216,584	1	300,520	1
Accounts payables		460,753	2	525,246	3
Accounts payables to related parties	7	15,213	-	25,626	-
Other payables	6 and 7	1,706,713	8	1,560,329	7
Current tax liabilities	4 and 6	260,060	1	325,047	2
Lease payables, current	6	201,503	1	-	-
Current portion of long-term loans	4, 6 and 8	184,000	1	684,000	3
Other current liabilities	4 and 6	117,410	-	220,005	1
<b>Total current liabilities</b>		<b>8,570,169</b>	<b>38</b>	<b>7,480,454</b>	<b>35</b>
<b>Non-current liabilities</b>					
Long-term loans	4, 6 and 8	166,000	1	350,000	2
Provisions, non-current	4	7,200	-	7,200	-
Lease liabilities, non-current	6	337,624	1	-	-
Lease payables, non-current	4 and 6	-	-	24,947	-
Net defined benefit liabilities, non-current	4 and 6	1,580,847	7	1,580,568	8
Guarantee deposits	6	652,689	3	644,152	3
Other liabilities, non-current		-	-	120	-
<b>Total non-current liabilities</b>		<b>2,744,360</b>	<b>12</b>	<b>2,606,987</b>	<b>13</b>
<b>Total liabilities</b>		<b>11,314,529</b>	<b>50</b>	<b>10,087,441</b>	<b>48</b>
<b>Equity attributable to the parent</b>					
<b>Capital</b>	6				
Common stock		4,511,971	20	4,511,971	22
<b>Additional paid-in capital</b>	6	763,317	3	724,912	3
<b>Retained earnings</b>	6				
Legal reserve		3,527,515	16	3,322,832	16
Special reserve		170,798	1	131,578	1
Unappropriated earnings		2,112,670	9	2,087,315	10
<b>Other components of equity</b>	4 and 6	(58,666)	-	(170,798)	(1)
<b>Treasury stock</b>	4, 6 and 8	(288,389)	(1)	(288,389)	(1)
<b>Non-controlling interests</b>	6	444,908	2	481,317	2
<b>Total equity</b>		<b>11,184,124</b>	<b>50</b>	<b>10,800,738</b>	<b>52</b>
<b>Total liabilities and equity</b>		<b>\$22,498,653</b>	<b>100</b>	<b>\$20,888,179</b>	<b>100</b>

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

For the years ended December 31, 2019 and 2018

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

Item	Notes	2019		2018	
		Amount	%	Amount	%
<b>Operating revenue</b>	4, 6 and 7	\$13,449,785	100	\$13,433,426	100
<b>Less : Sales returns and allowances</b>	6	(38,108)	-	(39,807)	-
<b>Net revenue</b>		13,411,677	100	13,393,619	100
<b>Operating costs</b>	6 and 7	(8,519,007)	(63)	8,486,576	63
<b>Gross profit</b>		4,892,670	37	4,907,043	37
<b>Operating expenses</b>	6 and 7				
Sales and marketing expenses		(764,063)	(6)	(793,888)	(6)
General and administrative expenses		(1,481,595)	(11)	(1,434,638)	(11)
Research and development expenses		(101,712)	(1)	(105,347)	(1)
Expected credit losses		(12,284)	-	(12,535)	-
Subtotal		(2,359,654)	(18)	(2,346,408)	(18)
<b>Operating income</b>		2,533,016	19	2,560,635	19
<b>Non-operating income and loss</b>					
Other income	6	41,720	-	48,624	-
Other gains and losses	6	(16,471)	-	(94,732)	(1)
Finance costs	6	(40,323)	-	(36,583)	-
Share of profit or loss of associates accounted for using the equity method		160,876	1	66,831	1
Subtotal		145,802	1	(15,860)	-
<b>Income before income tax</b>		2,678,818	20	2,544,775	19
<b>Income tax expenses</b>	4 and 6	(502,039)	(4)	(445,640)	(3)
<b>Net income</b>		2,176,779	16	2,099,135	16
<b>Other comprehensive income</b>	6				
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurements of defined benefit plans		(102,987)	(1)	(86,435)	(1)
Unrealized gains on financial assets at fair value through other comprehensive income		105,817	1	(40,545)	-
Share of other comprehensive (loss) income of associates and joint ventures- may not be reclassified subsequently to profit or loss		43,722	-	(2,147)	-
Income tax related to items that will not be reclassified		8,755	-	16,730	-
<b>Items that may be reclassified subsequently to profit or loss</b>					
Exchange differences on translation of foreign operations		5,899	-	50,778	-
Share of other comprehensive (loss) income of associates and joint ventures- may be reclassified subsequently to profit or loss		(7,385)	-	(2,525)	-
<b>Total other comprehensive (loss) income, net of tax</b>		53,821	-	(64,144)	(1)
<b>Total comprehensive income</b>		\$2,230,600	16	\$2,034,991	15
<b>Net income attributable to:</b>					
Shareholders of the parent		\$2,136,561		\$2,046,828	
Non-controlling interests	6	40,218		52,307	
<b>Comprehensive income attributable to:</b>					
Shareholders of the parent		\$2,186,178		\$1,982,060	
Non-controlling interests	6	44,422		52,931	
<b>Earnings per share (NT\$)</b>	6				
Basic earnings per share		\$4.85		\$4.64	
Diluted earnings per share		\$4.84		\$4.64	

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars)

Description	Equity Attributable to the Parent Company										Non-Controlling Interests	Total Equity
	Common Stock	Additional Paid-in Capital	Retained Earnings			Other Components of Equity			Treasury Stock	Total		
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at fair value through other comprehensive income	Unrealized Gain or Loss on Available-for-Sale Financial Assets				
Balance as of January 1, 2018	\$4,511,971	\$691,334	\$3,102,274	\$65,182	\$2,171,354	\$(140,450)	\$-	\$8,872	\$(288,389)	\$10,122,148	\$432,166	\$10,554,314
Impact of retrospective application	-	-	-	-	39,344	-	(44,049)	(8,872)	-	(13,577)	114	(13,463)
Balance as of January 1, 2018 after restatement	4,511,971	691,334	3,102,274	65,182	2,210,698	(140,450)	(44,049)	-	(288,389)	10,108,571	432,280	10,540,851
Appropriations and distributions of 2017 unappropriated earnings												
Legal reserve	-	-	220,558	-	(220,558)	-	-	-	-	-	-	-
Special reserve	-	-	-	66,396	(66,396)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,804,788)	-	-	-	-	(1,804,788)	-	(1,804,788)
Other changes in capital reserve												
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	(8,354)	-	-	-	-	-	-	-	(8,354)	(141)	(8,495)
Donated surplus	-	2,959	-	-	-	-	-	-	-	2,959	-	2,959
Net income in 2018	-	-	-	-	2,046,828	-	-	-	-	2,046,828	52,307	2,099,135
Other comprehensive (loss) income, net of tax in 2018	-	-	-	-	(73,278)	41,597	(33,087)	-	-	(64,768)	624	(64,144)
Total comprehensive income	-	-	-	-	1,973,550	41,597	(33,087)	-	-	1,982,060	52,931	2,034,991
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	(5,191)	-	5,191	-	-	-	-	-
Parent company's cash dividends received by subsidiaries	-	38,973	-	-	-	-	-	-	-	38,973	-	38,973
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(3,753)	(3,753)
Balance as of December 31, 2018	\$4,511,971	\$724,912	\$3,322,832	\$131,578	\$2,087,315	\$(98,853)	\$(71,945)	\$-	\$(288,389)	\$10,319,421	\$481,317	\$10,800,738
Balance as of January 1, 2019	\$4,511,971	\$724,912	\$3,322,832	\$131,578	\$2,087,315	\$(98,853)	\$(71,945)	\$-	\$(288,389)	\$10,319,421	\$481,317	\$10,800,738
Appropriations and distributions of 2018 unappropriated earnings												
Legal reserve	-	-	204,683	-	(204,683)	-	-	-	-	-	-	-
Special reserve	-	-	-	39,220	(39,220)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(1,804,788)	-	-	-	-	(1,804,788)	-	(1,804,788)
Other changes in capital reserve												
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	(568)	-	-	-	-	-	-	-	(568)	2,723	2,155
Donated surplus	-	-	-	-	-	-	-	-	-	-	-	-
Net income in 2019	-	-	-	-	2,136,561	-	-	-	-	2,136,561	40,218	2,176,779
Other comprehensive (loss) income, net of tax in 2019	-	-	-	-	(87,783)	(3,804)	141,204	-	-	49,617	4,204	53,821
Total comprehensive income	-	-	-	-	2,048,778	(3,804)	141,204	-	-	2,186,178	44,422	2,230,600
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	25,268	-	(25,268)	-	-	-	728	728
Parent company's cash dividends received by subsidiaries	-	38,973	-	-	-	-	-	-	-	38,973	-	38,973
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(84,282)	(84,282)
Balance as of December 31, 2019	\$4,511,971	\$763,317	\$3,527,515	\$170,798	\$2,112,670	\$(102,657)	\$43,991	\$-	\$(288,389)	\$10,739,216	\$444,908	\$11,184,124

TAIWAN SECOM CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars)

Description	2019	2018
<b>Cash flows from operating activities:</b>		
Profit before tax from continuing operations	\$2,678,818	\$2,544,775
Net income before tax	2,678,818	2,544,775
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Expected credit losses	12,284	12,535
Depreciation	1,379,680	1,134,958
Amortization	60,072	65,580
Interest expense	40,323	36,583
Interest revenue	(21,996)	(14,233)
Dividend income	(10,174)	(17,130)
(Gain) loss of financial assets at fair value through profit or loss	(171)	445
(Gain) loss on disposal of investments	(1,419)	32,352
Loss on disposal of property, plant and equipment	17,372	10,335
Loss on disposal of intangible assets	133	-
Share of loss of associates accounted for using the equity method	(160,876)	(66,831)
Impairment loss	-	46,978
Loss on lease modification	582	-
Changes in operating assets and liabilities:		
Contract assets	(11,489)	(76,188)
Notes receivables, net	45,917	15,953
Accounts receivables, net	1,837	(94,668)
Accounts receivables from related parties, net	62,730	(27,601)
Inventories, net	(138,161)	(62,113)
Prepayments	94,788	76,638
Other current assets	(21,955)	45,878
Operating lease receivables	(55,602)	-
Finance lease receivables	(21,473)	28,548
Long-term receivables	(6,092)	4,025
Contract liabilities	(1,748)	111,910
Notes payables	(85,378)	(71,269)
Accounts payables	(64,746)	(14,378)
Accounts payables to related parties	(11,135)	3,326
Other payables	152,602	(565,939)
Other current liabilities	(155,937)	42,262
Provisions	(121)	-
Net defined liabilities, non-current	(101,288)	(69,176)
Cash generated from operations	3,677,377	3,133,555
Interest received	21,204	11,233
Interest paid	(32,072)	(36,535)
Income tax paid	(561,501)	(276,298)
Net cash provided by operating activities	3,105,008	2,831,955
<b>Cash flows from investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(185,137)	(200,000)
Proceeds from disposal of financial assets at fair value through other comprehensive income	508,223	30,853
Capital deducted by cash of financial assets at fair value through other comprehensive income	21,714	16,394
Acquisition of financial assets measured at amortized cost	(650,579)	(208,776)
Proceeds from disposal of financial assets measured at amortized cost	632,613	50,817
Proceeds from disposal of financial assets designated at fair value through profit or loss	-	1,289
Acquisition of investments accounted for using the equity method	-	(4,622)
Proceeds from disposal of investments at equity method	79,210	-
Decrease in prepayment for investments	-	20,000
Acquisition of property, plant and equipment	(846,143)	(925,012)
Proceeds from disposal of property, plant and equipment	38,598	41,074
Acquisition of intangible assets	(48,492)	(54,517)
Increase in prepayment for equipment	(245,082)	(11,233)
Decrease (increase) in refundable deposits	61,864	(91,893)
Decrease (increase) in other assets	31,145	(41,191)
Dividends received	65,259	117,949
Net cash used in investing activities	(536,807)	(1,258,868)
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	1,220,000	345,615
Increase (decrease) in short-term bills payable	350,000	(154,952)
Decrease in long-term loans	(684,000)	(239,000)
Cash payments for the principal portion of lease liability	(283,618)	-
Increase in lease payables	-	14,393
Increase in guarantee deposits	8,323	9,282
Cash dividends paid	(1,804,788)	(1,801,829)
Changes in non-controlling interests	(84,752)	(5,720)
Net cash used in financing activities	(1,278,835)	(1,832,211)
Effect of exchange rate changes on cash and cash equivalents	4,522	(9,521)
Net increase (decrease) in cash and cash equivalents	1,293,888	(268,645)
Cash and cash equivalents at beginning of year	5,021,795	5,290,440
Cash and cash equivalents at end of year	\$6,315,683	\$5,021,795

## **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, 2019 and 2018, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and cash flows for the years ended December 31, 2019 and 2018, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 2019 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### **1. Impairment on Investments Accounted for Under the Equity Method**



As of December 31, 2019, the Company's investments accounted for under the equity method amounted to NT\$9,029,272 thousand, which accounted for 49% of total assets. Management assesses and implements impairment testing whenever there is any indication that an investment accounted for under the equity method is impaired. Given the fact that the amount of investments accounted for under the equity method is significant to the Company, the impairment assessment process involves significant management judgment of assumptions used and the calculation model is complicated as well. We determined the matter as a key audit matter.

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

- (1) For the investments accounted for under the equity method which has the indication of impairment, we analyze the method and assumption used by management for impairment testing, which include the reasonableness, completeness, and relation of expected future cash flow, and examine the recoverable amount.
- (2) We adopt our internal professional appraiser to evaluate the management's assessment to assist us to assess the evaluation assumption and method, especially for the parameters of weighted average cost of capital, expected revenue growth rate, discount rate on pre-tax income and rate of gross profit.

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

## 2.Revenue Recognition

Revenue recognized by the Company amounted to NT\$6,990,449 thousand for the year ended December 31, 2019, and the revenue consists of security system revenue which is the Company's main source of revenue. The customer contracts include various performance conditions and terms, due to the practice of the industry. The Company need to make the judgment when the performance obligation is completed based on the terms of customer orders or contracts, and recognized revenue when the Company satisfies a performance obligation. Due to the revenue derived from rendering service received in advance, the timing to recognize the revenue is significant judgment for the Company is determined as a key audit matter.

Our audit procedures included, but not limited to:

- (1) Assessing the appropriateness of the accounting policy of revenue recognition and the process of generating and recognizing revenue; evaluating and testing the design and

operating effectiveness of internal controls around revenue recognition.

- (2) Selecting samples to perform tests of details, reviewing significant terms and condition of contracts and assessing the performance obligation and the trading price to verify the occurrence of sales transaction.
- (3) Acquiring the detail of the revenue recognition for the contract liabilities for security system revenue by month, and selecting samples to review the contract period and reassess the accuracy of the amount of revenue recognition to verify the reasonableness of the timing of revenue recognition.
- (4) Executing cut-off testing procedures.

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

### **Emphasis of Matter – Applying for New Accounting Standards**

We draw attention to Note 3 of the parent company only financial statements, which describes the Company applied for the International Financial Reporting Standard 16, “Lease” starting from January 1, 2019, and elected not to restate the parent company only financial statements for prior periods. Our conclusion is not modified in respect of this matter.

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

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

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor’s Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the Republic of China will always detect a material misstatement when it

exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

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

7. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
8. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
9. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
10. Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
11. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
12. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2019 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Yu, Chien-Ju

Hsu, Hsin-Min

Ernst & Young, Taiwan

March 20, 2020

#### **Notice to Readers**

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

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

English Translation of Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2019 and December 31, 2018  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As of			
		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
<b>Current assets</b>					
Cash and cash equivalents	4 and 6	\$1,011,839	5	\$990,335	5
Financial assets at fair value through profit or loss, current	4 and 6	5,367	-	4,985	-
Financial assets at fair value through other comprehensive income, current	4 and 6	22,378	-	117,480	1
Contract assets, current	4 and 6	25,471	-	30,170	-
Notes receivables, net	4 and 6	151,127	1	187,992	1
Notes receivables from related parties, net	4, 6 and 7	623	-	1,631	-
Accounts receivables, net	4 and 6	506,259	3	465,303	3
Accounts receivables from related parties, net	4, 6 and 7	104,067	1	99,074	1
Finance lease receivables, net	4 and 6	47,211	-	38,040	-
Inventories, net	4 and 6	105,093	1	92,255	-
Prepayments		286,345	2	314,871	2
Other current assets		57,269	-	66,542	-
<b>Total current assets</b>		<b>2,323,049</b>	<b>13</b>	<b>2,408,678</b>	<b>13</b>
<b>Non-current assets</b>					
Financial assets at fair value through other comprehensive income, non-current	4 and 6	80,952	-	201,770	1
Financial assets measured at amortised cost, non-current	4, 6 and 8	11,500	-	11,500	-
Investments accounted for under the equity method	4 and 6	9,029,272	49	8,680,890	48
Property, plant and equipment	4, 6 and 7	4,856,574	26	5,023,609	28
Right-of-use assets, net	4 and 6	169,316	1	-	-
Investment property, net	4 and 6	282,353	2	282,579	2
Intangible assets	4 and 6	64,428	-	73,197	-
Deferred tax assets	4 and 6	315,462	2	304,814	2
Prepayment for equipment		1,004,709	5	783,071	4
Refundable deposits	7	217,139	1	227,974	1
Long-term receivables	6	33,505	-	30,633	-
Long-term lease receivables	4 and 6	132,209	1	117,488	1
Other assets, non-current	8	5,834	-	3,004	-
<b>Total non-current assets</b>		<b>16,203,253</b>	<b>87</b>	<b>15,740,529</b>	<b>87</b>
<b>Total assets</b>		<b>\$18,526,302</b>	<b>100</b>	<b>\$18,149,207</b>	<b>100</b>

English Translation of Financial Statements Originally Issued in Chinese

TAIWAN SECOM CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
December 31, 2019 and December 31, 2018  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As of			
		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
<b>Current liabilities</b>					
Short-term loans	4 and 6	\$3,000,000	16	\$2,350,000	13
Contract liabilities, current	4 and 6	1,153,044	6	1,134,977	6
Notes payables		147,877	1	222,947	1
Accounts payables		221,311	1	218,226	1
Accounts payables to related parties	7	78,739	1	96,046	1
Other payables	7	546,017	3	532,021	3
Current tax liabilities	4 and 6	149,087	1	211,977	1
Lease payables, current	6	77,370	-	-	-
Current portion of long-term loans	4 and 6	184,000	1	684,000	4
Other current liabilities		68,930	-	126,208	1
<b>Total current liabilities</b>		<b>5,626,375</b>	<b>30</b>	<b>5,576,402</b>	<b>31</b>
<b>Non-current liabilities</b>					
Long-term loans	4 and 6	166,000	1	350,000	2
Provisions, non-current	4	7,200	-	7,200	-
Lease liabilities, non-current	6	91,497	1	-	-
Net defined benefit liabilities, non-current	4 and 6	1,305,500	7	1,309,685	7
Guarantee deposits	6	590,434	3	585,012	3
Other liabilities, non-current	4 and 6	80	-	1,487	-
<b>Total non-current liabilities</b>		<b>2,160,711</b>	<b>12</b>	<b>2,253,384</b>	<b>12</b>
<b>Total liabilities</b>		<b>7,787,086</b>	<b>42</b>	<b>7,829,786</b>	<b>43</b>
<b>Equity attributable to the parent</b>					
<b>Capital</b>					
Common stock	6	4,511,971	25	4,511,971	26
<b>Additional paid-in capital</b>	6	763,317	4	724,912	4
<b>Retained earnings</b>	6	-	-	-	-
Legal reserve		3,527,515	19	3,322,832	18
Special reserve		170,798	1	131,578	1
Unappropriated earnings		2,112,670	11	2,087,315	11
<b>Other components of equity</b>	4 and 6	(58,666)	-	(170,798)	(1)
<b>Treasury stock</b>	4 and 6	(288,389)	(2)	(288,389)	(2)
<b>Total equity</b>		<b>10,739,216</b>	<b>58</b>	<b>10,319,421</b>	<b>57</b>
<b>Total liabilities and equity</b>		<b>\$18,526,302</b>	<b>100</b>	<b>\$18,149,207</b>	<b>100</b>

TAIWAN SECOM CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Item	Notes	2019		2018	
		Amount	%	Amount	%
<b>Operating revenue</b>	4, 6 and 7	\$7,020,708	100	\$6,941,037	100
<b>Less : Sales returns and allowances</b>	6	(30,259)	-	(31,691)	-
<b>Net revenue</b>		6,990,449	100	6,909,346	100
<b>Operating costs</b>	6 and 7	3,550,573	(51)	3,484,189	(50)
<b>Gross profit</b>		3,439,876	49	3,425,157	50
<b>Operating expenses</b>	6 and 7				
Sales and marketing expenses		(628,033)	(9)	(640,849)	(9)
General and administrative expenses		(1,110,358)	(16)	(1,097,331)	(16)
Research and development expenses		(102,243)	(2)	(105,582)	(2)
Expected credit losses		(11,668)	-	(11,300)	-
Subtotal		(1,852,302)	(27)	(1,855,062)	(27)
<b>Operating income</b>		1,587,574	22	1,570,095	23
<b>Non-operating income and loss</b>					
Other income	6	27,572	1	66,129	1
Other gains and losses	6	18,039	-	(25,230)	-
Finance costs	6	(25,540)	(1)	(26,956)	-
Share of profit or loss of associates accounted for using the equity method		827,653	12	729,994	10
Subtotal		847,724	12	743,937	11
<b>Income before income tax</b>		2,435,298	34	2,314,032	34
<b>Income tax expenses</b>	4 and 6	(298,737)	(4)	(267,204)	(4)
<b>Net income</b>		2,136,561	30	2,046,828	30
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurements of defined benefit plans	6	(83,624)	(1)	(59,828)	(1)
Unrealized gains on financial assets at fair value through other comprehensive income	6	54,396	1	(34,880)	(1)
Share of other comprehensive (loss) income of associates and joint ventures-may not be reclassified subsequently to profit or loss	6	72,614	1	(19,667)	-
Income tax related to items that will not be reclassified	6	10,035	-	8,010	-
<b>Items that may be reclassified subsequently to profit or loss</b>					
Share of other comprehensive (loss) income of associates and joint ventures-may be reclassified subsequently to profit or loss	6	(3,804)	-	41,597	1
<b>Total other comprehensive (loss) income, net of tax</b>		49,617	1	(64,768)	(1)
<b>Total comprehensive income</b>		<u>\$2,186,178</u>	<u>31</u>	<u>\$1,982,060</u>	<u>29</u>
<b>Earnings per share (NT\$)</b>	4 and 6				
Basic earnings per share		<u>\$4.85</u>		<u>\$4.64</u>	
Diluted earnings per share		<u>\$4.84</u>		<u>\$4.64</u>	

TAIWAN SECOM CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY  
For the years ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars)

Description	Common Stock	Additional Paid-in Capital	Retained Earnings			Other Components of Equity			Treasury Stock	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gain or Loss on Financial Assets at fair value through other comprehensive income	Unrealized Gain or Loss on Available-for-Sale Financial Assets		
<b>Balance as of January 1, 2018</b>	\$4,511,971	\$691,334	\$3,102,274	\$65,182	\$2,171,354	\$(140,450)	\$-	\$8,872	\$(288,389)	\$10,122,148
<b>Impact of retroactive application</b>	-	-	-	-	39,344	-	(44,049)	(8,872)	-	(13,577)
<b>Balance as of January 1, 2018 after restatement</b>	4,511,971	691,334	3,102,274	65,182	2,210,698	(140,450)	(44,049)	-	(288,389)	10,108,571
Appropriations and distributions of 2017 unappropriated earnings										
Legal reserve	-	-	220,558	-	(220,558)	-	-	-	-	-
Special reserve	-	-	-	66,396	(66,396)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,804,788)	-	-	-	-	(1,804,788)
Other changes in capital reserve										
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	(8,354)	-	-	-	-	-	-	-	(8,354)
Donated surplus	-	2,959	-	-	-	-	-	-	-	2,959
Net income in 2018	-	-	-	-	2,046,828	-	-	-	-	2,046,828
Other comprehensive (loss) income, net of tax in 2018	-	-	-	-	(73,278)	41,597	(33,087)	-	-	(64,768)
Total comprehensive income	-	-	-	-	1,973,550	41,597	(33,087)	-	-	1,982,060
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	(5,191)	-	5,191	-	-	-
Parent company's cash dividends received by subsidiaries	-	38,973	-	-	-	-	-	-	-	38,973
<b>Balance as of December 31, 2018</b>	\$4,511,971	\$724,912	\$3,322,832	\$131,578	\$2,087,315	\$(98,853)	\$(71,945)	\$-	\$(288,389)	\$10,319,421
<b>Balance as of January 1, 2019</b>	\$4,511,971	\$724,912	\$3,322,832	\$131,578	\$2,087,315	\$(98,853)	\$(71,945)	\$-	\$(288,389)	\$10,319,421
Appropriations and distributions of 2018 unappropriated earnings										
Legal reserve	-	-	204,683	-	(204,683)	-	-	-	-	-
Special reserve	-	-	-	39,220	(39,220)	-	-	-	-	-
Cash dividends	-	-	-	-	(1,804,788)	-	-	-	-	(1,804,788)
Other changes in capital reserve										
Share of changes in net assets of associates and joint ventures accounted for using the equity method	-	(568)	-	-	-	-	-	-	-	(568)
Donated surplus	-	-	-	-	-	-	-	-	-	-
Net income in 2019	-	-	-	-	2,136,561	-	-	-	-	2,136,561
Other comprehensive (loss) income, net of tax in 2019	-	-	-	-	(87,783)	(3,804)	141,204	-	-	49,617
Total comprehensive income	-	-	-	-	2,048,778	(3,804)	141,204	-	-	2,186,178
Disposal of equity instrument at fair value through other comprehensive income	-	-	-	-	25,268	-	(25,268)	-	-	-
Parent company's cash dividends received by subsidiaries	-	38,973	-	-	-	-	-	-	-	38,973
<b>Balance as of December 31, 2019</b>	\$4,511,971	\$763,317	\$3,527,515	\$170,798	\$2,112,670	\$(102,657)	\$43,991	\$-	\$(288,389)	\$10,739,216



TAIWAN SECOM CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the years ended December 31, 2019 and 2018  
(Expressed in Thousands of New Taiwan Dollars)

Description	2019	2018
<b>Cash flows from operating activities:</b>		
Profit before tax from continuing operations	\$2,435,298	\$2,314,032
Net income before tax	2,435,298	2,314,032
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Expected credit losses	11,668	11,300
Depreciation	1,005,197	892,511
Amortization	47,590	50,127
Interest expense	25,540	26,956
Interest revenue	(2,836)	(2,571)
Dividend income	(5,160)	(9,186)
Share of gain of associates and accounted for using the equity method	(827,653)	(729,994)
Gain on lease modification	(43)	-
(Gain) loss of financial assets at fair value through profit or loss	(382)	152
Loss on disposal of property, plant and equipment	11,135	7,861
Loss on disposal of investments	428	-
Impairment loss	-	9,879
Changes in operating assets and liabilities:		
Contract assets	4,699	5,227
Notes receivables, net	36,865	19,811
Notes receivables from related parties, net	1,008	1,736
Accounts receivables, net	(52,624)	(81,796)
Accounts receivables from related parties, net	(4,993)	(18,967)
Lease receivables	(23,892)	26,301
Long-term receivables	(2,872)	11,201
Contract liabilities	18,067	61,383
Inventories, net	(83,385)	(42,121)
Prepayments	28,526	4,348
Other current assets	9,273	(372)
Notes payables	(75,070)	(39,473)
Accounts payables	3,085	(23,066)
Accounts payables to related parties	(17,307)	(24,743)
Other payables	13,996	16,799
Other current liabilities	(57,278)	(4,312)
Net defined liabilities, non-current	(87,809)	(55,168)
Cash generated from operations	2,411,071	2,427,855
Interest received	2,836	2,571
Interest paid	(23,055)	(26,945)
Income tax paid	(362,240)	(147,347)
Net cash provided by operating activities	2,028,612	2,256,134
<b>Cash flows from investing activities:</b>		
Acquisition of investments accounted for using the equity method	-	(27,344)
Disposal of investments accounted for using the equity method	8,901	-
Capital deducted by cash of investments accounted for using the equity method	20,568	-
Acquisition of financial assets at fair value through other comprehensive income	(131,522)	-
Disposal of financial assets at fair value through other comprehensive income	387,255	-
Capital deducted by cash of financial assets at fair value through other comprehensive income	14,583	8,333
Acquisition of property, plant and equipment	(670,156)	(714,167)
Proceeds from disposal of property, plant and equipment	9,683	17,375
Acquisition of intangible assets	(38,821)	(42,357)
Increase in prepayment for equipment	(221,638)	(9,977)
Decrease (increase) in refundable deposits	10,835	(2,118)
(Increase) decrease in other assets	(2,830)	10,681
Dividends received	560,342	596,681
Net cash used in investing activities	(52,800)	(162,893)
<b>Cash flows from financing activities:</b>		
Increase in short-term loans	650,000	150,000
Decrease in long-term loans	(684,000)	(184,000)
Increase in guarantee deposits	5,208	8,732
Cash payments for the principal portion of lease liability	(120,728)	-
Cash dividends paid	(1,804,788)	(1,801,829)
Net cash used in financing activities	(1,954,308)	(1,827,097)
Net increase in cash and cash equivalents	21,504	266,144
Cash and cash equivalents at beginning of year	990,335	724,191
Cash and cash equivalents at end of year	\$1,011,839	\$990,335

## II. Audit Committee's review report on the 2019 financial statement

### **Inspection Report of the Audit Committee**

The Board of Directors completed the Company's 2019 business report, financial statements (including consolidated financial statements, individual financial statements), and appropriation of earnings. The financial statements have been certified by Yu, Chien-Ju and Hsu, Hsin-Min of Ernst & Young Global Limited Certified Public Accountants who have issued the audit report. The business report, financial statements, and appropriation of earnings mentioned above have been approved by the Audit Committee and considered correct and accurate in accordance with Article 14-4 of the Securities & Exchange Act and Article 219 of the Company Act. These reports are hereby submitted for review.

2020 Annual Shareholders' Meeting of Taiwan Secom Co., Ltd.

Taiwan Secom Co., Ltd.

Audit Committee Convener: CHEN Tien-Wen

March 20<sup>th</sup>, 2020

### III. 2019 Distribution of remuneration to employees and Directors statements

Description: In 2019, employee remuneration totaled NTD 25,645,409 and the Board of Directors remuneration totaled NTD 102,581,635. The above-mentioned compensations were approved by the Board of Directors on March 20<sup>th</sup>, 2020 and were all paid in cash.

IV. Amendments to the “Revised Business Conduct” and “Procedures for Ethical Management and Guidelines for Conduct” Description: The Company hereby proposes partial amendments to the Company’s “Code of Business Conduct” and “Procedures for Ethical Management and Guidelines for Conduct” in accordance with the provisions of the Financial Supervisory Commission Certificate No. 1080307434, and Tai-Zheng-Zi Letter No. 1090002299 of the FSC dated Feb. 13, 2020. Please refer to Page 33 ~ 35 of this meeting agenda.

## **[Matters for Recognition]**

**(Proposed by the Board of Directors)**

### **A. 2019 Business Report and Financial Statements**

Description:

- (1) The Company has prepared its business report, consolidated financial statements, and individual financial statements. The consolidated and individual financial statements were audited by CPAs, YU Chien-Ju and HSU Hsin-Min of Ernst & Young Global Limited.
- (2) The 2019 Business Report, Independent Auditors' Report, and the aforementioned Financial Statements are attached hereto in Page 3 ~ 24.

The above are submitted for recognition.

Resolution:

**(Proposed by the Board of Directors)**

### **B. Distribution of 2019 earnings**

Description:

- (1) According to Article 27 of the Articles of Incorporation, it is proposed to allocate the 2019 earnings. For details please refer to Page 25 of this meeting agenda.
- (2) Each common shareholder will be entitled to receive a cash dividend of NTD 4 per share. Amounts under one dollar due to rounding off are summed up and will be transferred to the Welfare Committee for Employees of the Company.
- (3) The Chairman is authorized to determine the cash dividend record date and payment date upon the approval of the earnings distribution proposal at the Annual Meeting of Shareholders in 2020.
- (4) In the event of the number of outstanding shares affected by the

Company's subsequent share buyback, transfer, or cancellation of treasury stocks, issuance of new shares because of the exercise of employee stock options, issuance or withdrawal of employee restricted stocks or other causes, the Chairman is authorized to determine the cash dividend record date, changes in dividend distribution, and subsequent distribution matters.

The above are submitted for recognition.

Resolution:

**Taiwan Secom Co., Ltd.**  
**Distribution of 2019 retained earnings**

Unit: NTD

Items	Amount
<b>Unappropriated Retained Earnings of Previous Years</b>	38,623,995
Plus: Disposal of equity instruments measured at fair value through other comprehensive income	10,804,482
Plus: Changes in the equity of affiliated companies' joint ventures accounted for using the equity method (other items in the statement of changes in equity for this period that affect the retained earnings)	14,463,668
Plus: Reversal of special reserve - net deduction from other shareholders' equity	112,132,547
Less: Other comprehensive income (actuarial gains and losses of the defined benefit plans)	(87,783,060)
Plus: Current period net profit	2,136,561,009
<b>Distributable earnings</b>	2,224,802,641
Distribution:	
1. Legal reserve	(213,656,101)
2. Cash dividend (NTD 4 per share)	(1,804,788,372)
<b>Total</b>	(2,018,444,473)
<b>Unappropriated Retained Earnings</b>	<u>206,358,168</u>

Chairman: LIN Hsiao-Hsin

Chief Executive Officer: Hirofumi Onodera

Chief Accounting Officer: CHEN Su-Ling

## **[Matters for Discussion]**

**(Proposed by the Board of Directors)**

Partial amendment to the “Rules of Procedure for Shareholders Meetings”

Description:

- (1) Pursuant to Tai-Zheng-Zhi-Li Letter No. 1080024221 of the FSC dated Jan. 2, 2020, the Company hereby proposes partial amendments to the “Rules of Procedure for Shareholders Meetings”.
- (2) The comparison chart of the amendment to the “Rules of Procedure for Shareholders Meetings” is attached in the Page 40.

Resolution:

## **[Election Matters]**

**(Proposed by the Board of Directors)**

Election of all Directors of the Company

Description:

- (1) The term of office of the 15<sup>th</sup> Board of Directors will expire on Jun. 21, 2020. A new Board of Directors will be elected at the 2020 Shareholders' Meeting. Pursuant to the Company's Articles of Incorporation, 11 Directors (incl. 3 Independent Directors) shall be elected, and shall assume office after the Shareholders' Meeting with an office term of 3 years from Jun. 16, 2020 to Jun. 15, 2023.
- (2) In accordance with the Company's Articles of Incorporation, the election is done by the nomination system, and the shareholders shall elect Directors and Independent Directors from the candidates list.
- (3) Please refer to Page 31 of this meeting agenda for a candidate list of Directors and Independent Directors.

**Taiwan Secom Co., Ltd.**

**Candidates for Director Election (Incl. Independent Directors)**

Uploaded to MOPS on Apr. 21, 2020

Type	Name	Education Background	Work Experience	Current Position	Juristic Person Represented
Director	LIN Hsiao-Hsin	B. Eng., Tokyo University of Science, Japan	1.Chairman, Taiwan Secom Co., Ltd. 2.Director, Goldsun Building Materials Co., Ltd.	Chairman, Taiwan Secom Co., Ltd. Director, Goldsun Building Materials Co., Ltd.	None
Director	LIN Chien-Han	MA in Marketing Management, Middlesex University, UK	Vice Chairman, Taiwan Secom Co., Ltd.	Vice Chairman, Taiwan Secom Co., Ltd.	Hsin Lan Investment Co., Ltd.
Director	Sadahiro Sato	BA in Economics, Waseda University, Japan	Executive Director, SECOM CO., Ltd.	Executive Director, SECOM CO., Ltd.	Secom Co., Ltd
Director	Kenji Murakami	MA in Economics, Okayama University, Japan	Head of Global Business Planning Dept., SECOM CO., Ltd.	GROUP International Business Headquarter Chief of Management Department, SECOM CO., Ltd.	Secom Co., Ltd
Director	Hirofumi Onodera	BS in Mechanics, Muroran Institute of Technology, Japan	1.CEO, Taiwan Secom Co., Ltd. 2.Director, Taiwan Secom Co., Ltd.	General CEO, Taiwan Secom Co., Ltd. Director, Taiwan Secom Co., Ltd.	Secom Co., Ltd
Director	LIN Ming-Sheng	Ph.D. In Law, University of California, Hastings College of the Law	1.Director, Taiwan Secom Co., Ltd. 2.Vice Chairman, Goldsun Building Materials Co., Ltd.	Director, Taiwan Secom Co., Ltd. Vice Chairman, Goldsun Building Materials Co., Ltd. CEO, Taiwan Secom Cultural Foundation	Yuan Hsin Investment Co., Ltd.
Director	LIN Chun-Mei	BBA in International Trade, Ming Chuan University	Chairman, TransAsia Catering Services	CEO, Lin Teng Foundation	Chin Kuei Investment Co., Ltd.
Director	TU Heng-Yi	MBA in Business Administration, University of Hawaii, USA	Chairman, Wan Yuan Textile Co., Ltd.	Chairman, Wan Yuan Textile Co., Ltd.	None
Independent Director	CHEN Tien-Wen	MBA in Business Administration, University of Southern California, USA	1.Chairman, Jiashi Construction Co., Ltd. 2.Honorary Chairman, Capital Securities Corporation 3.Advisor, Straits Exchange Foundation	Chairman, Jiashi Construction Co., Ltd.	N/A
Independent Director	CHIANG Yung-Cheng	BL in Law, Soochow University	1.Lawyer, Zhengbang and Zhengyang United Law Firm 2.Director, Nan He Xing Chan Co., Ltd. 3.Independent Director, NanPo Resins Chemical Group 4.Judge, Taiwan Kaohsiung District Court	Lawyer, Zhengbang and Zhengyang United Law Firm	N/A
Independent Director	TUNG Chun-Yi	MS in LSI, Waseda University, Japan	1.Chairman, ABICO Group 2.Director, Dong Guan Cheng Guang Metal Products Co., Ltd. 3.Chairman, Li Tian Shi Ji Investment Co., Ltd.	Chairman, ABICO Group	N/A

Election results:



**[Extemporaneous Motions]**

**[Adjournment]**

## [Attachment 1]

### Taiwan Secom Co., Ltd.

#### Comparison Table of Amendments to the Code of Business Conduct

Clauses	Clauses after the amendments	Clauses before the amendments	Explanation
Article 5 (Policy)	The Companies shall abide by the operational philosophies of honesty, transparency, and responsibility, base policies on the principle of good faith, <u>obtain approval from the Board of Directors</u> , establish good corporate governance, risk control, and a management mechanism so as to create an operational environment for sustainable development.	The Companies shall abide by the operational philosophies of honesty, transparency, and responsibility, base policies on the principle of good faith, and establish good corporate governance, risk control, and a management mechanism so as to create an operational environment for sustainable development.	Wording revised in accordance to the law

<p>Article 6 (Commitment and execution)</p>	<p><u>The Company shall request their directors and senior management to issue a statement of compliance with the ethical management policy and require that employees comply with such policy in the terms of employment.</u></p> <p>The Company and its respective business group shall clearly specify their ethical corporate management policies in their rules and external documents, as well as on the Company website, and that the Board of Directors and senior management shall be committed to rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p> <p><u>The Company shall compile documented information on the ethical management policy, statement, commitment, and implementation mentioned in the first and second paragraphs and retain documented information properly.</u></p>	<p>The Company and its respective business group shall clearly specify their ethical corporate management policies in their rules and external documents, as well as on the Company website, and that the Board of Directors and senior management shall be committed to rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in commercial activities.</p>	<p>Wording revised in accordance to the law</p>
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<p>Article 24 (Implementation)</p>	<p><u>The ethical corporate management best practice principles of the Company shall be sent to the supervisors for approval, and implemented after the Board of Directors grants its approval. The same procedure shall be followed when the principles have been amended.</u></p> <p>The Company has established a Board of Directors. When the Company submits its ethical corporate management best practice principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.</p>	<p>The Company has established a Board of Directors. When the Company submits its ethical corporate management best practice principles to the Board of Directors for discussion pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. Any objections or reservations of any independent director shall be recorded in the minutes of the Board of Directors meeting. An independent director that cannot attend the board meeting in person to express objections or reservations shall provide a written opinion before the board meeting, unless there is some legitimate reason to do otherwise, and the opinion shall be specified in the minutes of the Board of Directors meeting.</p> <p><u>The Code shall enter into force after it has been adopted by the Board of Directors, and submitted by the audit committee to a shareholders meeting. The same procedure shall be followed when the principles have been amended.</u></p>	<p>Wording revised in accordance to the law</p>
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Taiwan Secom Co., Ltd.

Comparison Table of Amendments to the Procedures for Ethical Management and Guidelines for Conduct

Clauses	Clauses after the amendments	Clauses before the amendments	Explanation
Article 11	<p>When a Company director, manager, or other stakeholder attending or present at a board meeting has a stake in a <u>proposal</u> at the meeting, that director, manager, or stakeholder 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. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p><u>Where the spouse, a blood relative within the second degree of kinship of a director, or any company which has a controlling or subordinate relation with a director has interests in the matters under discussion in the meeting of the preceding paragraph, such director shall be deemed to have a personal interest in the matter.</u></p> <p>If in the course of conducting company business, any personnel of this Corporation discover that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom</p>	<p>When a Company director, manager, or other stakeholder attending or present at a board meeting has a stake in <u>the proposals listed in the agenda</u> at the meeting, that director, manager, or stakeholder 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. The directors shall exercise discipline among themselves, and may not support each other in an inappropriate manner.</p> <p>If in the course of conducting company business, any personnel of this Corporation discover that a potential conflict of interest exists involving themselves or the juristic person that they represent, or that they or their spouse, parents, children, or a person with whom they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of this Corporation may use company resources on</p>	Revised wording added in accordance with the law

	<p>they have a relationship of interest is likely to obtain improper benefits, the personnel shall report the relevant matters to both his or her immediate supervisor and the responsible unit, and the immediate supervisor shall provide the personnel with proper instructions. No personnel of this Corporation may use company resources on commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.</p>	<p>commercial activities other than those of this Corporation, nor may any personnel's job performance be affected by his or her involvement in the commercial activities other than those of this Corporation.</p>	
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Clauses	Clauses after the amendments	Clauses before the amendments	Explanation
Article 16	<p><u>The Company shall request the directors and senior management to issue a statement of compliance with the ethical management policy and require that employees comply with such policy in the terms of employment.</u></p> <p>This Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	<p>This Company shall disclose its policy of ethical management in its internal rules, annual reports, on the company's websites, and in other promotional materials, and shall make timely announcements of the policy in events held for outside parties such as product launches and investor press conferences, in order to make its suppliers, customers, and other business-related institutions and personnel fully aware of its principles and rules with respect to ethical management.</p>	Revised wording added in accordance with the law
Article 21	<p>As an incentive to informers of unethical or unseemly conduct, this Company will grant a reward in accordance with the Company's "Regulations Governing Incentive Measures" depending on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. If a person being informed on is confirmed to have indeed violated the applicable laws and regulations or this Company's policy and regulations of ethical management, this Company shall immediately require the violator to cease the conduct and shall make an</p>	<p>As an incentive to informers of unethical or unseemly conduct, this Company will grant a reward in accordance with the Company's "Regulations Governing Incentive Measures" depending on the seriousness of the circumstance concerned. Insiders having made a false report or malicious accusation shall be subject to disciplinary action and be removed from office if the circumstance concerned is material. If a person being informed on is confirmed to have indeed violated the applicable laws and regulations or this Company's policy and regulations of ethical management, this Company shall immediately require the violator to cease the conduct and shall make an</p>	Revised wording added in accordance with the law

	<p>appropriate disposition. When necessary, this Company <u>will report to the competent authority, refer them to judicial departments for investigation, or</u> institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p>	<p>appropriate disposition. When necessary, this Company will institute legal proceedings and seek damages to safeguard its reputation and its rights and interests.</p>	
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## [Attachment 2]

### Taiwan Secom Co., Ltd.

#### Comparison Table of Amendments to the Rules of Procedure for Shareholders Meetings

Clause	Clauses after the amendments	Clauses before the amendments	Explanation
Article 8	<p>If the shareholders meeting is convened by the Board of Directors, the Board of Directors will determine the meeting proceedings, <u>and motions (including special motions or amended motions) shall be passed each by each at a time.</u> The proceedings cannot be changed unless resolved during the shareholders meeting. The chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding paragraph (including extraordinary motions), except by a resolution of the shareholders meeting. If the chair declares the meeting adjourned in violation of the rules, a new chair shall be elected in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.</p> <p>After meetings are resolved to be adjourned, shareholders may not elect a new chairman and continue the meeting at the original venue or at another venue.</p>	<p>If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a shareholders' resolution. The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda specified in the preceding paragraphs (including extraordinary motions), except by a shareholders' resolution. If the Chair violates the rules and declares the meeting adjourned, one person may be elected to be the Chair at the shareholders' meeting by the majority of attending shareholders who represent more than half of the total number of outstanding shares, in order to continue the meeting.</p> <p>If the meeting has been adjourned according to a resolution, the shareholders cannot elect another Chair and continue the meeting at the same address or find other venues.</p>	Revised wording added in accordance with the law

## [Appendix 1]

# Taiwan Secom Co., Ltd. Articles of Incorporation

### Chapter I General Provisions

Article 1: The Company is incorporated in accordance with the Company Act and registered under the business name Taiwan Secom Co., Ltd.

Article 2: The Company's scope of services is set out hereunder:

1. I 901011 Security Services Business

Article 3: The Company is headquartered in Taipei, and is permitted to set up branches and production, logistics & sales agencies in strategic locations in and out of the country when necessary.

Article 4: The Company may offer the external guarantee service according to business requirements.

### Chapter 2 Shares

Article 5: The total amount of the Company's capital is NT\$ 5 billion, which is divided into 500 million shares, with a value per share of NT\$ 10, to be issued in installments.

Article 6: **The Company shall issue nominal shares after the signatures or stamp/seal of the Chairman of the Board and three or more Directors have been affixed, and assigned numbers have been added and confirmed by a competent authority or an approved institution in charge of issuance & registration.**

When the Company issues nominal shares, those shares shall not be printed, but they shall be kept and recorded by the centralized securities depository enterprise.

Article 7: The shareholders of the Company shall inform the Company to register their names and places of residence into the roster of shareholders, as well as business card stamp with the Company or company-designated shareholders services agencies.

Article 8: (Deleted)

Article 9: The registration of shares transfer in the Company shall not be done within 60 days prior to the convening date of a regular shareholders' meeting, or within 30 days prior to the convening date of a special shareholders' meeting or within 5 days prior to the target date fixed by the issuing company for distribution of dividends, bonus or other benefits.

Article 10: The shareholders' services of the Company shall go through the provisions specified in the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.

### Chapter 3 Shareholders' Meeting

Article 11: There are two types of shareholders' meeting in the Company: regular meeting and special

meeting. A regular meeting shall be convened within six months after the close of each fiscal year, whereas, a special meeting is held in accordance with the law, when necessary.

Article 12: When a shareholder is unable to attend the shareholders' meeting for whatever reason, that shareholder shall appoint a proxy by offering company-printed and issued solicitation document stipulating the extent of the authorization. Appointing a proxy in addition to Article 177 of the Company Law, shall be done according to the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meetings of Public Companies" by the corresponding government department.

Article 13: The shareholders' meetings of the Company are convened by the Board of Directors, with the Chairman acting as Chair. If the Chairman asks for leave or doesn't execute his/her powers, this shall be done in accordance with the Company Law. If the meeting is convened by other personnel with the right to convene, but does not belong to the Board of Directors, that person with the right to convene will become the Chair, and if there are two persons or more personnel with the right to convene, only one person shall be elected mutually to convene.

Article 14: The shareholders of the Company have one voting right per share, but if there is any situation that would restrict or revoke the voting rights of shareholders, it shall be done according to relevant regulations. The shareholders of the Company shall be able to exercise their voting rights through electronic means. Shareholders who exercise their voting rights electronically are deemed present in person, and related matters shall be in accordance with the provisions of the law.

Article 15: A Company resolution is passed during the shareholders' meeting by a majority of attending shareholders who represent more than half of the total number of outstanding shares, except for other regulations in the Company Law.

Article 16: Resolutions adopted during the shareholders' meeting shall be recorded in the minutes of the meeting, signed or sealed by the Chairman of the shareholders' meeting and distributed to the shareholders within 20 days after the meeting. The production and distribution of proceedings could be made in electronic form; the distribution of the former proceeding shall be made through public announcement.

Article 17: (Deleted).

#### **Chapter 4 The Board of Directors and Directors**

Article 18: The Board of Directors of the Company shall appoint 11 directors by means of a candidate nomination system, and the shareholders shall elect directors from among the nominees for a three-year term who may be re-elected after the term. The number of appointed directors mentioned earlier shall have no less than three independent directors. The professional qualification, shareholding, part-time job restrictions, nominations, means of

election, as well as other relevant issues should all be in accordance with the regulations of the competent authority. Independent directors and non-independent directors shall be elected at the same time to calculate the elected places separately.

Article 19: The Company shall authorize the Board of Directors to discuss and decide the compensation for the Chairman, Vice Chairman and directors based on their contributions to the Company. The compensation for independent directors should be discussed and decided based on the directors' contributions to the Company every month, while considering industry standards at the same time. However, these independent directors shall not be included in the distribution of compensation according to Article 26.

Article 20: The Board of Directors shall elect a chairman and a vice chairman of the Board of Directors from among the directors by a majority vote at a meeting attended by over two-thirds of the directors.

The Chairman shall preside over all business on behalf of the Company. In case the Chairman is on leave or absent or cannot exercise his/her power and authority for any cause, the matters related to proxy shall be conducted in accordance to / Article 208 of the Company Law.

Article 21: The board meets at least once a quarter, and in case of an emergency, a special meeting may be held if necessary. All prior meetings mentioned are all convened by the Chairman. When the director cannot attend the BOD meeting, he/she shall assign another director as a proxy. Unless otherwise provided for in the Company Act, resolutions of the Board of Directors shall be adopted by a majority of the directors at a meeting attended by a majority of the directors.

A notice of a BOD meeting may be made by fax, E-mail, or other methods of electronic communication.

Article 22: The Company has instituted a just, fair, and open Procedure for the Election of Directors in accordance with the Company Act.

If there is a shortfall of one-third of the directors, the Board of Directors shall convene a special shareholders' meeting for the by-election within 60 days. The tenure of succeeding directors shall expire at the end of the original service period.

Article 23: The Company sets up the Audit Committee in accordance with the regulations of the Securities and Exchange Act. The members of the Audit Committee shall consist of all managing directors. The execution and other relevant matters pertaining to powers of the Audit Committee shall be in accordance with the Company Law, the Securities and Exchange Act and other regulations.

### **Chapter 5 Managerial Personnel**

Article 24: The Company has managerial personnel. The appointment, discharge and remuneration

thereto shall be subject to Article 29 of the Company Law.

### **Chapter 6 Final Accounts and Surplus Distribution**

Article 25: At the end of the Company's fiscal year, the BOD shall edit the following proposals and submit them to the shareholders' meeting for ratification:

- (1) Annual Business Report
- (2) Financial Statement
- (3) Appropriation of profits and remedy in the event of loss

Article 26: If the Company has earnings for the year (The so-called earnings refer to pre-tax net earnings before deducting the benefits and compensation distributed to employees and directors.), it shall be no less than 1% for employee compensation and no more than 4% for directors' remuneration. However, the Company still has accumulated losses (including the adjustment to the amount of surplus which has not yet been distributed). The amount of compensation should be retained in advance. The employee compensation in the preceding paragraph is paid in the form of either stock or cash, and the target recipients may include employees of the auxiliary companies subject to conditions set by the Board of Directors. The directors' remuneration in the preceding paragraph may only be paid in cash. The first two subjects shall be decided by the Board of Directors and reported during the shareholders' meeting.

Article 27: If there is a surplus in the company's annual final accounts which is equal to the after-tax net earnings of this term, the Company should first make up for the accumulated losses (including adjusting the undistributed surplus amount), and allocate 10% to the statutory surplus reserved according to law; however, if the statutory surplus accumulation has reached the total amount of the company's paid-in capital, such limit does not apply. Secondly, this is a legal order to allocate or retain a special reserve according to regulations or the competent authority. If there is any surplus, the BOD shall make a proposal for surplus distribution, including undistributed surplus in the beginning of this term, and report this during the shareholders' meeting to resolve the distribution of dividend to the shareholders. There is business development potential for the Company which observes the economic environment in order to sustain its business and long-term development. Therefore, when the BOD draws up the surplus distribution proposal, it will focus on the stability and growth of dividends. A cash or stock dividend policy is adopted, with cash allotment of no less than 10%.

### **Chapter 7 Supplementary Provisions**

Article 28: The Company can have a foreign investment according to the necessity of the business, and it can be a shareholder with limited responsibility of another company, after approval of the BOD. Its total amount of foreign investment shall not be subject to the limitation in

Article 13 of the Company Law.

Article 29: The organization, regulations and procedure of the BOD and branches of the Company's affiliates are regulated by the board of directors.

Article 30: Any unspecified matters in this Articles of Incorporation shall be dealt with in accordance with the Company Law.

Article 31: These Articles of Incorporation were drawn up on the thirty-first of August 1977. The first amendment was effected on the thirtieth of September 1977. The second amendment was effected on the twenty-first of October 1977. The third amendment was effected on the fifteenth of December 1978. The fourth amendment was effected on the fifth of February 1979. The Fifth Amendment was effected on the thirty-first of July 1979. The sixth amendment was effected on the thirty-first of March 1980. The seventh amendment was effected on the first of May 1980. The eighth amendment was effected on the twenty-seventh of June 1980. The ninth amendment was effected on the seventeenth of April 1981. The tenth amendment was effected on the ninth of December 1981. The eleventh amendment was effected on the twenty-first of January 1982. The twelfth amendment was effected on the seventh of June 1982. The thirteenth amendment was effected on the twenty-ninth of December 1982. The fourteenth amendment was effected on the thirty of June 1985. The fifteenth amendment was effected on the twenty-fifth of April 1987. The sixth amendment was effected on the twelfth of May 1989. The seventeen amendment was effected on the eighteenth of September 1989. The eighteenth amendment was effected on the twenty-fifth of April 1991. The nineteenth amendment was effected on the thirtieth of April 1992. The twentieth amendment was effected on the thirtieth of March 1993. The twenty-first amendment was effected on the twenty-ninth of April 1994. The twenty-second amendment was effected on the twenty-ninth of April 1995. The twenty-third amendment was effected on the twentieth of April 1996. The twenty-fourth amendment was effected on the twenty-fourth of May 1997. The twenty-fifth amendment was effected on the thirtieth of April 1998. The twenty-sixth amendment was effected on the thirtieth of April 1999. The twenty-seventh amendment was effected on the nineteenth of May 2000. The twenty-eighth amendment was effected on the tenth of May 2001. The twenty-ninth amendment was effected on the nineteenth of June 2002. The thirtieth amendment was effected on the twelfth of June 2003. The thirty-first amendment was effected on the seventeenth of June 2005. The thirty-second amendment was effected on the twenty-second of June 2006. The thirty-third amendment was effected on the thirteenth of June 2008. The thirty-fourth amendment was effected on the nineteenth of June 2012. The thirty-fifth amendment was effected on the fourteenth of June 2013. The thirty-sixth amendment was effected

on the twenty-fourth of June 2014. The thirty-seventh amendment was effected on the third of June 2016. The thirty-eighth amendment was effected on the twenty-second of June 2017. The thirty-ninth amendment was effected on the fourteenth of June 2019 after approval during the shareholders' meeting and amendment.

## **[Appendix 2]**

### **Taiwan Secom Co., Ltd. Procedure for the Election of Directors**

Approved during the meeting of shareholders on Jun. 22, 2017

#### **Article 1**

Except as otherwise provided by law and regulation or by this Company's Articles of Incorporation, elections of directors shall be conducted in accordance with these Procedures.

#### **Article 2**

The overall composition of the Board of Directors shall be taken into consideration in the selection of this Corporation's directors. The composition of the Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the Company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards:

1. Basic requirements and values: Gender, age, nationality, and culture.
2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Each board member shall have the necessary knowledge, skill, and experience to perform their duties.

The abilities that must be present in the board as a whole are as follows:

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

More than half of the directors shall be persons who have neither a spousal relationship nor a relationship within the second degree of kinship with any other director.

The Board of Directors of this Company shall consider adjusting its composition based on the results of performance evaluation.

#### **Article 3**

The qualifications for the Independent Directors of the Company shall comply with the Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public



Companies.

The election of Independent Directors of the Company shall comply with the “Regulations Governing the Appointment of Independent Directors and Compliance Matters for Public Companies”, and shall be conducted in accordance to the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies”.

#### Article 4

Elections of both directors and supervisors at this Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act. This Corporation shall review the qualifications, education, working experience, background, and the existence of any other matters set forth in Article 30 of the Company Act with respect to nominee directors and supervisors and may not arbitrarily add requirements for documentation of other qualifications. It shall further provide the results of the review to shareholders for their reference, so that qualified directors and supervisors will be elected.

When the number of Directors falls below five due to the dismissal of a Director for any reason, the Company shall hold a by-election to fill the vacancy at its next shareholders meeting. When the number of directors falls short by one third of the total number prescribed in this Company’s Articles of Incorporation, this Company shall call a special shareholders meeting within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

When the number of independent directors falls below that required under the proviso of Article 14-2, paragraph 1 of the Securities and Exchange Act, or the related provisions of the Taiwan Stock Exchange Corporation rules governing the review of listings, or subparagraph 8 of the Standards for Determining the Unsuitability for GTSM Listing under Article 10, Paragraph 1 of the GreTai Securities Market Rules Governing the Review of Securities for Trading on the GTSM, a by-election shall be held at the next shareholders meeting to fill the vacancy. When the independent directors are dismissed en masse, a special shareholders meeting shall be called within 60 days from the date of occurrence to hold a by-election to fill the vacancies.

#### Article 5

The cumulative voting method shall be used for election of the directors at the Company. Each share will have voting rights in a number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.

#### Article 6

The Board of Directors shall prepare ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the

ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.

#### Article 7

The number of Directors will be as specified in this Company's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.

#### Article 8

Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel. The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.

#### Article 9

If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. For a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

#### Article 10

A ballot is invalid under any of the following circumstances:

1. The ballot was not prepared by the Board of Directors.
2. A blank ballot is placed in the ballot box.
3. The writing is unclear and indecipherable or has been altered.
4. The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check

shows that the candidate's name and identity card number do not match.

5. Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
6. The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

#### Article 11

The voting rights shall be calculated on site immediately after the end of the poll, and the results of the calculation, including the list of persons elected as directors and the numbers of votes with which they were elected, shall be announced by the chair or the person designated by the chair on the site.

The ballots for the election referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

#### Article 12

Any matters that are not addressed in these Procedures shall be governed by The Company Act and relevant laws.

#### Article 13

These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

## **[Appendix 3]**

### **Taiwan Secom Co., Ltd. Rules of Procedure for Shareholders Meetings**

Approved during the meeting of shareholders on June 22<sup>nd</sup>, 2017

Article 1: The shareholders' meeting shall be held in accordance with the company's rules of procedure.

Article 2: The venue for the shareholders' meeting shall be within the county or city where this Corporation is located, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 3: For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by this Corporation and stating the scope of the proxy's authorization. A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting. The proxy form and related materials shall be handled and retained according to relevant laws and regulations.

Shareholders (or their proxies) shall attend the shareholders' meeting based on attendance cards, sign-in cards, or other certificates of attendance; solicitors soliciting proxy forms shall also bring identification documents for verification.

Article 4: Attendance at shareholders meetings shall be calculated based on the number of shares.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

Article 5: This Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff handling administration affairs of a shareholders' meeting shall wear identification cards or arm bands.

Article 6: If a shareholders' meeting is convened by the Board of Directors, the meeting shall be presided over by the Chairperson of the Board. When the Chairperson of the Board is on leave or for any reason unable to exercise his/her powers, a proxy shall be appointed in accordance with the Company Law. When a director serves as Chair, as referred to in the preceding paragraph, the director must have held that position for six months or more and understands the financial and business conditions of the

company. The same holds true for a representative of a juristic person director that serves as Chair. If a shareholders' meeting is convened by a party with power to convene but other than the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 7: When the attending shareholders represent the majority of the total number of issued shares, the Chair shall call the meeting to order. If the meeting has exceeded the allotted time, but the quorum is not met, the Chair may announce a postponement, provided that two such postponements are made; i.e., 20 minutes followed by 10 minutes. If the quorum is still not met after two postponements, and the attending shareholders represent one-third or more of the total number of issued shares, the tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act.

Article 8: If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a shareholders' resolution. The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda specified in the preceding paragraphs (including extraordinary motions), except by a shareholders' resolution. If the Chair violates the rules and declares the meeting adjourned, one person may be elected to be the Chair at the shareholders' meeting by the majority of attending shareholders who represent more than half of the total number of outstanding shares, in order to continue the meeting.

If the meeting has been adjourned according to a resolution, the shareholders cannot elect another Chair and continue the meeting at the same address or find other venues.

Article 9: When a meeting is in progress, the Chair may announce a break as deemed necessary due to time constraints.

Article 10: When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting. When a juristic person shareholder appointed two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 11: Before speaking, an attending shareholder (or a proxy) must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the Chair. A shareholder (or a proxy) in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's

slip, the spoken content shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the Chair and the shareholder that has the floor. The Chair shall stop any violation.

Article 12: Except with the consent of the Chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the Chair may terminate the speech.

Article 13: The Chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When the proctors (or security personnel) help maintain order at the meeting place, they shall wear an armband bearing the word "Proctor".

Article 14: After an attending shareholder has spoken, the Chair may respond in person or direct relevant personnel to respond.

Article 15: The Chair shall allow ample explanation and discussion of proposals and of amendments or extraordinary motions put forward by the shareholders; when the Chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call for a vote.

Article 16: When the company convenes a shareholders' meeting, it shall allow exercises of voting rights in electronic or written form. Unless a special resolution stipulated under the Company Act, compliance with regulations on the passage of all proposals shall require an affirmative vote of a majority of attending shareholders with voting rights.

Article 17: Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the Chair, provided that all monitoring personnel shall be shareholders of this Corporation. The vote counting process during the shareholders' meeting or the proposal for election shall proceed publicly at the site of the shareholders' meeting, and the results of the voting shall be announced on the spot after finishing the counting of votes, including the statistical number of voting rights, which shall be recorded.

Shareholders shall elect directors during the shareholders' meeting in accordance with relevant company regulations pertaining to the election and appointment. The results of the election shall be announced on the spot, including the list of elected members and their elected numbers of voting rights.

The votes for the subjects during the election referred to in the preceding paragraph shall be sealed

and signed by the vote monitoring personnel and shall be kept in good condition for at least one year. However, if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, the votes shall be kept at least until the termination of the lawsuit.

Article 18: When there is an amendment or an alternative to a proposal, the Chair shall decide the order in which they will be put to a vote, including the original subject. When any one among them is passed, the order proposals will then be deemed rejected, and no further voting shall be required.

Article 19: This Company shall make a continuous and uninterrupted audio and video recording of all procedures, like the attendance and registration of shareholders, meeting process, and the voting & counting votes. The preceding audio and video shall be kept for at least one year, but if a shareholder files a lawsuit in accordance with Article 189 of the Company Law, they should be kept until the termination of the lawsuit.

Article 20: When there is any issue not stipulated in these rules to be against the law, it should be handled in accordance with the Company Law or other related regulations or Articles of Incorporation.

Article 21: Any proposed modification of these rules shall be submitted to the Board of Directors for resolution followed by approval during the shareholders' meeting, so that it can be executed

## [Appendix 4]

### Taiwan Secom Co., Ltd. Details on Directors' shareholdings

Book Closure Date:  
Apr. 18, 2020

Title	Accession Date	Term	Name	Book closure date No. of shares held
Chairman	2017.06.22	3 years	Cheng Hsin Investment Co., Ltd. Rep: LIN Hsiao-Hsin	20,337,337
Vice Chairman	2017.06.22	3 years	Hsin Lan Investment Co., Ltd. Rep: Lin Chien-Han	3,940,585
Executive Director Director Director	2017.06.22	3 years	Secom Co., Ltd. Rep: Sadahiro Sato Rep: Kenji Murakami Rep: Hirofumi Onodera	123,110,870
Director	2017.06.22	3 years	TIEN Hung-Mao	177,025
Director	2017.06.22	3 years	WEI Chi-Lin	150,000
Director	2017.06.22	3 years	TU Heng-Yi	50,750
Director	2017.06.22	3 years	Yuan Hsin Investment Co., Ltd. Rep: LIN Ming-Sheng	8,018,190
Director	2017.06.22	3 years	Chin Kuei Investment Co., Ltd. Rep: LIN Chun-Mei	1,100,195
Director	2017.06.22	3 years	Shang Ching Investment Co., Ltd. Rep: Yu Ming-Hsien	3,312,112
Executive Director/ Independent Director	2017.06.22	3 years	CHEN Tien-Wen	-
Independent Directors	2017.06.22	3 years	CHANG Chin-Fu	-
Independent Directors	2017.06.22	3 years	CHANG Jui-Meng	2,885
Total shareholdings of all Directors				160,199,949

Notes. In accordance with Paragraph 2 Article 26 of the Rules and Review Procedures for Director and Supervisor Share Ownership Ratios in Public Companies, all Directors shall hold a minimum of 16,000,000 shares.





## TAIWAN SECOM COMPANY LTD.

**2020 Annual Shareholders' Meeting Meeting Agenda** Date: June 16, 2020

6F., No. 139, Zhengzhou Rd., Datong Dist., Taipei City 103, Taiwan (R.O.C.)

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