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FIRST COPPER TECHNOLOGY CO.,LTD.

ANNUAL REPORT 2021

FIRST COPPER TECHNOLOGY CO.,LTD.

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**Company website:<http://www.fcht.com.tw>**

**(I) Name, title, contact telephone number, and email address of the spokesperson and acting spokesperson**

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Title: General Manager

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Title: Manager, Accounting Section

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**(II) Address and telephone number of the Company's headquarters, branch offices, and factories**

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**(III) Name, address, e-mail address, and telephone number of the agency handling shares transfer**

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**(IV) The name of the certified public accountant who duly audited the annual financial report for the most recent fiscal year, and the name, address and telephone number of said person's accounting firm**

Accountant names: Yang Po-Jen, Hsu Chen-Lung

Name of accounting firm: KPMG Taiwan

Address: Rm. 6, 12F, No. 211, Chung Cheng 4th Rd, Chien Chin Dist,  
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URL: [www.kpmg.com.tw](http://www.kpmg.com.tw)

**(V) The name of any exchanges where the Company's securities are traded offshore and the method by which to access information on said offshore securities: None.**

**(VI) Company website: [www.fcht.com.tw](http://www.fcht.com.tw)**

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## I. Prior year (2021) business results:

## (I) Business plan implementation results:

The Company's main business in the year of 2021 was the manufacturing of various alloy copper sheets for domestic and export sales. The annual operating income was NT\$3,218,804 thousand, the operating cost was NT\$2,896,491 thousand, the operating expense was NT\$65,900 thousand, the net operating gain was NT\$256,413 thousand, the non-operating income was NT\$210,083 thousand, the net profit before tax was NT\$466,496 thousand, the income tax expense was NT\$43,821 thousand, and the net profit after tax was NT\$422,675 thousand. Other comprehensive benefits in the current period was NT\$1,760,348 thousand, and the total amount of comprehensive benefits in the current period was NT\$2,183,023 thousand.

(II) Budget implementation: Not applicable, as the Company has not prepared financial forecasts.

## (III) Profitability analysis:

Item		Percentage of ownership
Return on assets		5.97%
Return on equity		7.69%
Percentage of paid-in capital	Net operating gain	7.13%
	Net profit before tax	12.97%
Net profit margin		13.13%
Earnings per share (NTD)		1.18

## (IV) Research and development status:

1. Promote C14415 high conducting material that supplies the

vehicle electronic communication market.

2. Promote C1814 (OMCL1) high conducting and high strength terminal material for high transmission rate USB connector market of the automotive industry.
3. Progressively promote the copper alloy and Re-flow eco-friendly tin plated terminals and connector materials for automotive parts.
4. Promote medium conducting and high strength Corson alloy C7025 and C19010 for automotive terminal market.
5. Promote C50710/C50715 alloy for the lithium battery automotive terminal market.
6. Develop and research on no Hair Line high-end surface for the copper heat dissipation material.
7. Develop and research on the manufacturing processing of super thick copper heat dissipation material.
8. Research on shortening the manufacturing processing of bright annealing and tempering of lead frame material.
9. Research and develop etching materials made of high-performance copper alloy with low internal stress

## II. Business plan summary for the year (2022):

### (I) Operating strategy

1. Increase the output of materials for semiconductor lead frame to the fullest extent to meet domestic customer needs and market trends.
2. Continue to develop materials with low internal stress for semiconductor frames in order to produce high-end products used by downstream customers in the etching process.
3. Target the market for alloy materials, (e.g., automotive connectors, terminal materials, and connectors of battery cells of power tools) for our tin plating materials
4. Develop thicker heat sink base materials to replace imported materials as the materials for use of automobiles and 5G products.
5. Continue to develop high-conductivity pure copper ingots and

high-performance alloy copper ingots that are developed, melted, and casted by ourselves.

(II) Expected sales volume and its basis

Expected sales volume: 14,820 tons/year.

Basis:

1. The demand in the application of refusion electroplating on automotive terminal and connector market increases.
2. Stable consumption on semi-conductor and LED materials.
3. The quality of copper electrical terminal and heat spreader is sufficient to replace imported materials.
4. The future demand of high-end materials, especially high strength and high conducting materials, will increase.
5. The demand in wireless charging products increases in home economics.

(III) Important production and sales policies

1. Supply the automotive terminal connector market at full strength, and focus on tin plating products.
2. Continue to increase production volume of special alloys, such as Corson alloy and CuCrZr alloy to meet the market demand.
3. Increase the production volume of major products, such as automotive connector, semi-conductor, LED and special materials.
4. Promote the battery material for rechargeable wireless electric tools.
5. Promote component materials for 5G related products.

III. Future development strategy of the Company:

1. Prioritize the increase in production capacity for semi-conductor and LED materials to meet the demand of domestic customers.
2. Continue to promote the high conductive and high strength CuCrZr alloy.
3. Increase the order for automotive connector and tin plated

materials for terminals and promote high-end alloy tin plated material.

4. Continue to supply Corson series of material with stable quality that meets customer demand.
5. Promote the Corson alloy to be applied in the component material of lithium battery.

IV. Subject to the external competitive environment, regulatory environment, and overall business environment:

1. General products in Chinese market have adopted materials from domestic copper plants in China. Taiwanese copper plants have lost the advantages, and Taiwanese companies no longer insist on using Taiwanese materials. Brass material is only for high quality, high-end products and tin plated secondary processing material.
2. Under the influence of new labor policy for the industry, the Company must increase the number of employees in the production unit to meet the equipment utilization rate.
3. In Southeast Asia, the tariff barrier still makes the operation environment in this area a disadvantageous.
4. In terms of the overall operation environment, Taiwan is in the disadvantageous environment. Apart from resolving the issue of labor shortage and make our electricity go greener, the production portfolio must be adjusted to the best ratio.
5. Covid-19 pandemic is not only a crisis but also an opportunity. Despite the Company is affected by the change of the production chain, it also gains profits from the effect of order transfer due to severe pandemic in Europe and America.

(I) Date of establishment: July 28, 1969.

(II) Company history

- July 28, 1969: The Company was founded under its original name of First Wire & Cable Co., Ltd.
- November 30, 1971: Changed name to First Copper Productions Co., Ltd.
- July 15, 1972: Renamed once again to First Copper & Iron Co., Ltd.
- July 1974: When the Company was founded, its factory was located in Gushan District of Kaohsiung City and mainly engaged in copper smelting. In July 1974, a new factory at No. 20, Taiji Road, Linhai Industrial Park was expanded by 5,000 pings. It added a complete set of automatic copper smelting and rolling equipment to produce bare copper wire.
- January 1982: Expanded a new plant of more than 20,800 square pings at No. 4 Jiaxing Street, Linhai Industrial Park. It introduced the latest production technology of various alloy copper products to produce various brass sheets, plates, tubes, ingots, alloy copper, and copper products to supply various domestic military, government, and civilian businesses for enterprise use and export.
- October 20, 1989: The Company's stock was listed.
- 1996: In order to meet booming demand in the domestic electronics industry, the Company invested another NTD 800 million to develop advanced alloy materials such as phosphor bronze and lead frame copper to supply various domestic military, government, and civilian businesses for enterprise use and export.
- July 10, 2000: At its 2000 General Meeting of Shareholders, the Company resolved to change its name from First Copper & Iron Co., Ltd. to First Copper Technology Co., Ltd. The Department of Commerce of the Ministry of Economic Affairs approved the name change via letter (89) Shang Zi No. 089123179 on July 10, 2000.

- 2000: Total output exceeded its monthly target of 3,200 tons, with monthly output of 3C-use phosphor bronze sheets and copper sheets for electrical and electronic applications exceeding its target of 800 tons. At the same time, lead frame materials officially entered mass production to meet the needs of the semiconductor industry domestically and abroad.
- 2001: New equipment additions: one 20Hi calender, one horizontal continuous casting machine, one item of tinning equipment. Developed tinned copper sheets for automotive connectors and electronic components.
- 2003: Researched and developed precipitation alloy processing technology, developed Corson alloy, and supplied special materials for semiconductors and automotive terminals. (3C nickel silver mass production, supplying advanced materials such as telecommunication parts, mobile phone covers, quartz oscillators, etc.)
- 2004: Expanded the promotion of environmentally friendly Reflow tin-plated niche copper sheet products in anticipation of 2006 European WEEE Regulations.
- 2005: Added German-made advanced precision slitting machine to improve supply of lead frame copper materials and environmentally friendly tin-plating materials; also added a set of semi-continuous casting equipment to increase the output of copper. Added acid rinse machine to improve surface treatment capabilities.
- 2006: German-made advanced precision slitting machine joined production, enabling an increase in lead frame supply to 800 tons/month. CORSON alloy used in telecommunications terminal samples began to enter the certification stage. Turnover and industry profits hit new highs of NTD 8 billion and NTD 1 billion respectively. Obtained copper cup

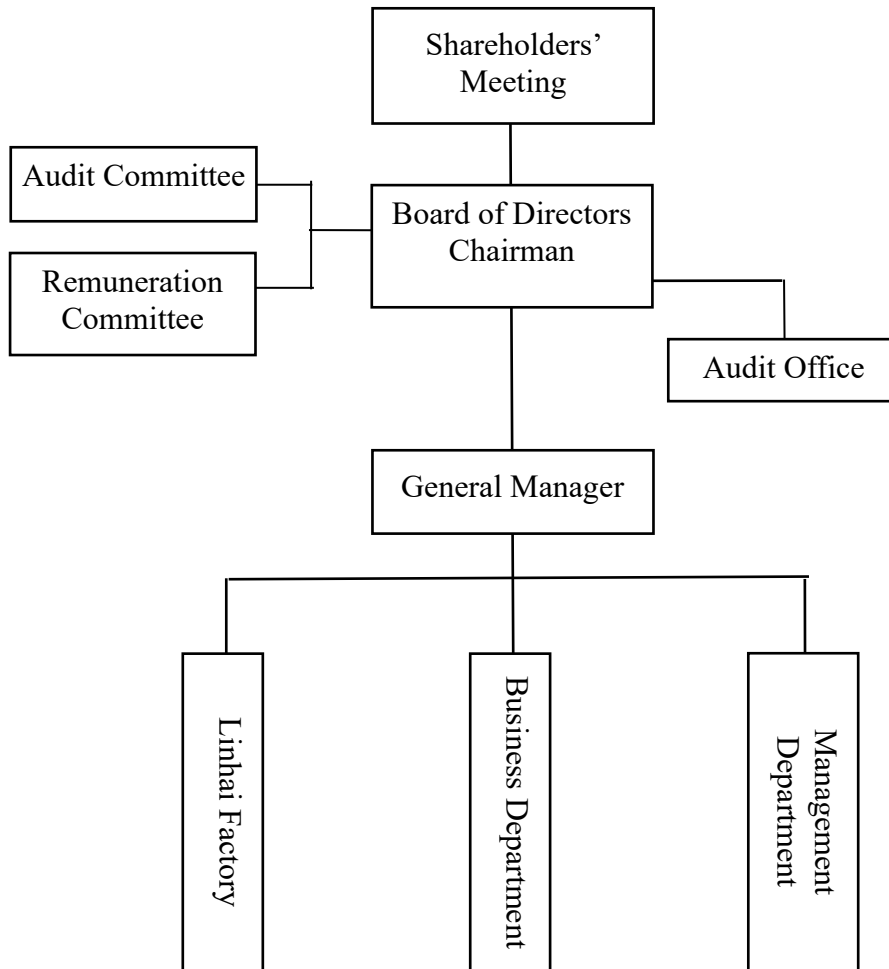
- and copper sheet material of the military's 205th Armory that is certified in the US, and supplied a large number of military products to the market.
- 2007: In line with the wide application of LEDs, increased lead frame production capacity while developing high-performance alloy materials for automotive terminals, shaped materials, and CPU heat dissipation substrate copper manufacturing capabilities. Enhanced lead frame surface treatment technology in order to gain entry into the IC semiconductor field.
- 2008: Focused on performance-based operations, carried out process transformation, and improve yield and productivity with an adjustment of production line capacity to 3,800 tons/month. Introduce solid solution heat treatment technology to enter quantitative production of special alloys.
- 2009: Focused on nickel silver while enhancing anti-tarnish abilities and improving the quality of shaped materials; starting from manufacturing process innovation, the yield rates of lead frame materials were greatly improved.
- 2010: Speed was improved in response to the demand for automotive connectors, terminals, and tin-plating equipment and production was increased to meet market demand.
- 2011: Slitting machines and degreasing machines were added to increase surface treatment and slitting capabilities.
- 2012: Introduced MAX126 production technology from Mitsubishi Shindoh Co., Ltd.; improved the production process of CORSON alloy and increased the supply capacity of copper-nickel-silicon alloy.
- 2013: Introduced OMCL1 alloy production technology Mitsubishi Shindoh Co., Ltd.; promoted high-conductivity and high-strength alloys.
- 2014: Imported multi-groove thin-plate profile equipment

- from Japan.
- 2015: Increased equipment for secondary processing of copper cups. Secondary processing of brass and copper is done to address munitions market demand.
- 2016-2017: Improve the calendering accuracy detection of the precision press and the surface quality control of finished products. Updated the thickness gauge of the precision press and checked the surface defect detector.
- 2018-2019: Improved the function of the annealing and acid rinse machines; the whole line of electric controls and furnace temperature controls were fully updated. Planning for the second phase of furnace temperature control system for the continuous annealing and acid rinse machines.
- 2020-2021: Comprehensively transformed the calendering capacity of the 20Hi precision calender to increase sheet production capacity, which is expected to be online in July 2021. Further continued to increase inspection surface defect detectors.
- 2022-2023: To meet our goal of using greener electricity and generating green electricity in 2022 and 2023, we presented the application in March 2022. The start of construction and system establishment is scheduled for the fourth quarter of 2022. The system will be launched in 2023 to make our electricity greener.

I. Organization system

1. Organizational structure

First Copper Technology Co., Ltd. Organization System Table



2. Business of each major department:

- (1) Management Department: In charge of accounting, cost, stock affairs, finance, general affairs, procurement, reinvestment, computerized operations, and other matters.
- (2) Business Department: In charge of the Company's business, delivery, and trade, as well as business matters in Taipei and Taichung.
- (3) Linhai Factory: In charge of the Company's product production plan, manufacturing, inspection, quality assurance, production industrial technology, product development, and other matters.

## II. Information on the General Manager, deputy general managers, managers, and supervisors of various departments and branches:

### (I) Director information 1.

Unit: Shares; Date: April 25, 2022

Title	Name	Appointment date	Term of office	Date first appointed	Shares held at the time of appointment		Shares currently held		Number of shares currently held by spouse and minor children		Shares held in the name(s) of others	
					Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
Chairman	Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen	2021.08.27	Three years	1987.05.12	141,818,196	39.44%	141,818,196	39.44%	—	—	—	—
				2003.06.23	312,191	0.09%	312,191	0.09%	6,550,802	1.82%	0	0
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Ming-Jen	2021.08.27	Three years	1987.05.12	141,818,196	39.44%	141,818,196	39.44%	—	—	—	—
				2022.03.03	2,808	0.00%	2,808	0.00%	0	0	0	0
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hong-Ren	2021.08.27	Three years	1987.05.12	141,818,196	39.44%	141,818,196	39.44%	—	—	—	—
				2020.06.11	679,110	0.19%	679,110	0.19%	37	0	0	0
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Feng-Chuan	2021.08.27	Three years	1987.05.12	141,818,196	39.44%	141,818,196	39.44%	—	—	—	—
				2021.03.15	2,400,289	0.67%	2,400,289	0.67%	0	0	0	0
Independent Director	Hu Lee-Ren	2021.08.27	Three years	2015.06.26	0	0	0	0	0	0	0	0
Independent Director	Cheng Tiao-Hsiang	2021.08.27	Three years	2021.08.27	0	0	0	0	0	0	0	0
Independent Director	Huang Jen-Tsung	2021.08.27	Three years	2018.06.28	0	0	0	0	0	0	0	0

Note: The names of corporate shareholders and their representatives should be listed separately (for corporate shareholders, the name of the corporate shareholder should be indicated.)

### Three. Corporate Governance Report

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#### (I) Director information 2.

Date: April 25, 2022

Title	Name	Gender <u>Age</u> <u>Note 2</u>	Nationality or place of registration	Principal Experience (Education)	Office(s) Concurrently Held in the Company and Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors or directors			Note 3
						Title	Name	Relationship with the Company	
Chairman	Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen	Male Aged 56 -65	Republic of China	Business management, Columbia College, USA	Chairman, Hua Eng Wire & Cable Co., Ltd. Chairman, Hua Ho Engineering Co., Ltd. Chairman, Taiwan Times Co., Ltd.	Director Director	Wang Feng- Chuan Wang Hong- Ren	Second degree of kinship Second degree of kinship	—
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Ming-Jen	Male Aged 66 -75	Republic of China	Department of Industrial Engineering, Chung Yuan University of Technology	Director of Hua Eng Wire & Cable Co., Ltd. Director and President of Taiwan Times Legal representative of Sheng Feng Co., Ltd.	None	—	—	—
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hong- Ren	Male Aged 66 -75	Republic of China	MBA, Lindenwood College, USA	None	Director Director	Liu Chung- Jen Wang Feng- Chuan	Second degree of kinship Second degree of kinship	—
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Feng- Chuan	Female Aged 56 -65	Republic of China	Meihe Nursing College	Supervisor of Huahong investment Co., Ltd. Supervisor of Media Co., Ltd.	Director Director	Liu Chung- Jen Wang Hong- Ren	Second degree of kinship Second degree of kinship	—
Independent Director	Hu Lee-Ren	Male Aged 66 -75	Republic of China	Department of Accounting, College of Commerce, National Chengchi University	Member of the Remuneration Committee of the Company.	None	—	—	—
Independent Director	Cheng Tiao- Hsiang	Male Aged 66 -75	Republic of China	National Chung Hsing University Department of Business Administration	Member of the Company's Remuneration Committee	None	—	—	—
Independent Director	Huang Jen- Tsung	Male Aged 56 -65	Republic of China	New York University Ph.D., Business Administration (specializing in finance)	Department of Financial Management, National Sun Yat-sen University Associate Professor Independent Director and member of Compensation Committee of Ample Electronic Technology MAYO Human Capital Inc. Independent Director Supervisor of Ruipeng Technology Co., Ltd. Member of the Remuneration Committee of the Company.	None	—	—	—

Note 1: Directors of the Company did not work in the firm of the certified public accountant during the previous disclosure period.

Note 2: Please list the actual age, which may be presented by age ranges, such as 41–50 years old or 51–60 years old.

Note 3: If the Company's chairman and general manager or equivalent (top manager) are the same person, or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be explained (e.g., the number of independent directors should be increased, more than half of the directors should not be concurrent employees or managers, etc.).

Table 1: Major Shareholders of Institutional Shareholders

April 25, 2022

Name of institutional shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)
Hua Eng Wire & Cable Co., Ltd.	First Copper Technology Co., Ltd. (32.96%), Hua Horng Investment Co., Ltd. (6.84%), Wang-Yang Bi-E (3.49%), Wang Feng-Shu (2.55%), Wang Wen-Ling (2.20%), Wang Hong-Ren (2.12%), Wang Yu-Fa (1.75%), Wang Hung-Ming (1.46%), Chen Kun-Rong (0.80%), Mei Da Woods Industry Co., Ltd. (0.62%)

Note 1: If the director or supervisor is a representative of an institutional shareholder, the name of the institutional shareholder should be filled in.

Note 2: Fill in the name of the main shareholder of the institutional shareholder (with the shareholding ratio falling within the top ten) and the shareholding ratio. If the main shareholder is a juridical person, the following Table 2 should be filled in.

Note 3: If an institutional shareholder is not a company organizer, the name of the shareholder and shareholding ratio that should be disclosed before is the name of the investor or donor and the ratio of capital contribution or donation. (refer to the announcement of the Judicial Yuan) and the percentage of the investment or donation. If the donor already passed away, their name shall be annotated with the word (deceased).

Table 2: Major shareholders of major shareholders who are juridical persons as referred to in Table 1

April 25, 2022

Name of institutional shareholder (Note 1)	Major Shareholders of Institutional Shareholders (Note 2)
First Copper Technology Co., Ltd.	Hua Eng Wire & Cable Co., Ltd. (39.44%), Wang Yu-Fa (7.98%), Wang-Yang Bi-E (2.52%), Wang Wen-Ling (1.82%), Wang Feng-Chuan (0.67%), International Shipbreaking Enterprise Co. Ltd. (0.50%), Wang Feng-Shu (0.43%), Wang Hung-Ming (0.41%), Wang Feng-Chin (0.23%), Wang Hong-Ren (0.19%).
Hua Horng Investment Co., Ltd.	Kulsum Industries Ltd. (79.79%), Wang Wen-Ling (3.19%), Wang Feng-Chuan (3.19%), Wang Feng-Shu (3.19%), Wang Hong-Ren (3.19%), Wang Hung-Ming (2.87%), Wang Yu-Ting (2.13%), Wang Yu-Fa (1.07%), Wang Feng-Chin (0.85%), Wang-Yang Bi-E (0.53%)
Mei Da Woods Industry Co., Ltd.	Wang Yu-Fa (25.26%), Wang Wen-Ling (16.32%), Wang-Yang Bi-E (15.79%), Wang Feng-Chuan (15.79%), Wang Feng-Shu (15.79%), Wang Hong-Ren (5.26%), Wang Hung-Ming (5.26%), Wang Yu-Ting (0.53%)

Note 1: If the main shareholder is a juridical person as shown in Table 1 above, the name of the juridical person should be filled in.

Note 2: Fill in the name of the main shareholder of the juridical person (where its shareholding ratio falls in the top ten) and its shareholding ratio.

Note 3: If an institutional shareholder is not a company organizer, the name of the shareholder and shareholding ratio that should be disclosed before is the name of the investor or donor and the ratio of capital contribution or donation. (refer to the announcement of the Judicial Yuan) and the percentage of the investment or donation. If the donor already passed away, their name shall be annotated with the word (deceased).

## (I) Director information 3.

1. Disclosure of Directors' Professional Qualifications:

Name	Professional qualification and experience (Note 1)
Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen	Mr. Liu Chung-Jen, who majors in business administration, has served as a director for Hua Eng Group for about 20 years. Aside from being familiar with the Company's organization and operations, he specializes in business administration; is able to make operational judgment as to whether the economy, market, and industry trend toward; has the expertise and experience that can carry the Company toward sustainable development; and is not under any of the circumstances set out in Article 30 of the Company Act.
Hua Eng Wire & Cable Co., Ltd. Representative: Wang Ming-Jen	Mr. Wang Ming-Jen, who is a graduate from the Department of Industrial Engineering of Chung Yuan University of Science and Technology, has been a professional manager for Taiwan Times for more than 30 years. He has practical experience derived from his participation in plant contraction, machinery and equipment purchase, and onsite production; has expertise and experience respecting mechanical engineering and production management; and is not under any of the circumstances set out in Article 30 of the Company Act.
Hua Eng Wire & Cable Co., Ltd. Representative:: Wang Hong-Ren	Mr. Wang Hong-Ren, who majors in business administration, used to be the chairman of Taiwan Times. He specializes in leadership and business administration; has five years or more of work experiences requisite for the Company's commercial matters and business; and is not under any of the circumstances set out in Article 30 of the Company Act.
Hua Eng Wire & Cable Co., Ltd. Representative:: Wang Feng-Chuan	Ms. Wang Feng-Chuan, a supervisor of Hua Horng Investment Co. for more than 10 years, has accumulated judgment and experience in investment and wealth management. She is able to make decisions on business administration and crisis management; has the expertise and experience that the Company's business requires; and is not under any of the following circumstance set out in Article 30 of the Company Act.
Hu Lee-Ren	Mr. Hu Lee-Ren, a graduate from the Department of Accounting of National Chengchi University (NCCU), used to be the associate vice president of the financial department of China Steel Corporation and a president and chairman of Gains Investment Corporation. He has rich industrial experience; has more than 5 years of experience in commerce, finance, and a profession that the company's business requires, as well as other professional qualifications; and is not under any of the circumstances set out in Article 30 of the Company Act.
Cheng Tiao-Hsiang	Mr. Cheng Tiao-Hsiang, a graduate from the Department of Business Administration of National Chung Hsing University, used to be the chairman of the Bankers Association of Tainan, chairman of the Bankers Association of Greater Kaohsiung, manager of the Tainan Branch of Bank of Taiwan, manager of the Fengshan Branch of Bank of Taiwan, and manager of some branches of Bank of Taiwan. He is a finance expert; has more than five years of work experience in commerce, finance, or a profession necessary for the business of the Company; and is not under any of the circumstances set out in Article 30 of the Company Act.

<p>Huang Jen-Tsung</p>	<p>Mr. Huang Jen-Tsung, Ph.D. in Business Administration (Major in Finance) from New York University, is an appointed associate professor in the Department of Financial Management of National Sun Yat-sen University, independent director and member of Remuneration committee of Ample Electronics Technology Co., Ltd., independent director of MAYO Human Capital Inc., and supervisor of Reipeng Technology Co., Ltd. He specializes in research of financial management; has been an instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college, or university for more than 5 years; and is not under any of the circumstances set out in Article 30 of the Company Act.</p>
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Note 1: Professional qualification and experience: Describe the professional qualifications and experience of an individual director and supervisor. Where the party concerned is a member of the Audit Committee who specializes in accounting or law, his/her accounting or legal background as well as work experience shall be stated; and prove that any matter specified in Article 30 of the Company Act does not exist.

## 2. Disclosure of Directors' Independence State

Name	Independence state (Note 2)	Number of other public companies in which the individual is concurrently serving as an independent director
Hu Lee-Ren	<p>The individual meets all of the following criteria for independence of an independent director during the term of office, and within two years prior to being elected:</p> <p>(1) Not an employee of the Company or its affiliates.</p> <p>(2) Not a director or supervisor of the Company or its affiliates. (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(3) Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.</p> <p>(4) Not a managerial officer under (1) or a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship under (2), (3).</p> <p>(5) Not a director, supervisor, or employee of a corporate shareholder directly holding 5% or more of the total number of issued shares of the Company, or among the top 5 in shareholdings, or designating its representative to serve as a director or supervisor of the Company under Article 27, Paragraph 1 or 2 of the Company Act. (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent.)</p>	None
Cheng Tiao-Hsiang	<p>(6) Not a director, supervisor, or employee of other company. If a majority of the Company's director seats or shares with voting rights and those of that other company are controlled by the same person: (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or</p>	None

<p>Huang Jen-Tsung</p>	<p>a subsidiary of the same parent.)</p> <p>(7) Not a director, supervisor, or employee of the other company or institution who is or whose spouse is the chairperson, president, or equivalent positions of the Company. (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent.)</p> <p>(8) Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of a specific company or institution that has a financial or business relationship with the Company. (However, this restriction does not apply to independent directors elected in accordance with the Securities and Exchange Act or the laws and regulations of the local country, who concurrently serve as such at the Company and its parent or subsidiary or a subsidiary of the same parent and when the specific company or institution holds more than 20% of the Company’s total issued shares but not more than 50%.)</p> <p>(9) Not a professional, sole proprietor, partnership, owner of a company or institution, partner, director, supervisor, managerial officer or its spouse that provides the Company or affiliates with audit services or commercial, legal, financial, accounting or related services with cumulative amount of remuneration in the last two years exceeding NT\$500,000. This restriction does not apply, however, to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.</p> <p>(10) Not a person who has a spouse or relatives of second degree of kinship in other directors.</p> <p>(11) Not a person with any of the circumstances under Article 30 of the Company Act.</p> <p>(12) Not a person elected in the capacity of the government, a corporation, or a representative as provided in Article 27 of the Company Act.</p>	<p>2</p>
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Note 2: An independent director’s state of independence shall be stated; the statement may include but is not limited to whether the independent director, or the spouse or a second degree relative thereof serves as a director, supervisor, or employee of the Company or its affiliates; how many shares and how much weight of equity do they hold in person (or under other person’s name); whether the independent director serves as a director, supervisor, or employee of a company having specific relationship with the Company (refer to Article 3, Paragraph 1, Subparagraph 5 through Subparagraph 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and how much the consideration that an independent director received is for his/her providing the Company or its affiliates with services respecting commerce, law, finance, or accounting in the most recent two years.

### 3. Diversification and independence among Board members

The Company promotes and respects diversity policy for board composition. According to Article 20 of the “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”, the composition of the board of directors shall be determined by taking diversity into consideration, and it is advisable that an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs be formulated. Aside averting the scenario where the directors who are also employees of the Company occupy more than one third of board seats, the Company also pays close attention to the composition of gender, age, nationality, professional knowledge, and experience among board members. The Company aims to achieve our ideal goals for corporate governance. As such, we demand that our board as a whole possess the following abilities:

(1) Ability to make operational judgments. (2) Ability to perform accounting and financial analysis. (3) Ability to conduct management administration. (4) Ability to conduct crisis management.

(5) Knowledge of the industry. (6) An international market perspective. (7) Ability to lead. (8) Ability to make policy decisions.

The Company's Board of Directors comprises 7 directors, 3 of them being independent directors, accounting for 43% of total director seats. Each independent director has a term of office for no greater than 9 years, and has qualifications that meet the requirements of laws for an independent director. There was no transfer of job title from a director to an independent director, or from an independent director to a director, during their term of office. Each director is allowed to exercise their powers and duties objectively, and more than half of all directors are not a spouse, or a relative within the second-degree of kinship, of each other, complying with the requirement set forth in Article 26-3, Paragraph 3 of the Securities and Exchange Act.

We implement our policy as follows:

Job Title	Name	Nationality	Age	Gender	Independent Director		Diversity of expertise							
					Term of office		Ability to make operational judgments	Ability to perform accounting and financial analysis	Ability to conduct management administration	Ability to conduct crisis	Knowledge of the	An international market	Ability to make policy	
3 years or less	3 - 9 years													
Chairman	Representative: Liu Chung-Jen	Republic of China.	Aged 56 -65	Male	—		✓	✓	✓	✓	✓	✓	✓	✓
Director	Wang Ming-Jen	Republic of China.	Aged 66 -75	Male	—		✓		✓	✓	✓	✓	✓	✓
Director	Wang Hong-Ren	Republic of China.	Aged 66 -75	Male	—		✓		✓	✓		✓	✓	✓
Director	Wang Feng-Chuan	Republic of China.	Aged 56 -65	Female	—		✓		✓	✓			✓	✓
Independent Director	Hu Lee-Ren	Republic of China.	Aged 66 -75	Male		✓	✓	✓	✓	✓	✓	✓	✓	✓
Independent Director	Cheng Tiao-Hsiang	Republic of China.	Aged 66 -75	Male	✓		✓	✓	✓	✓		✓	✓	✓
Independent Director	Huang Jen-Tsung	Republic of China.	Aged 56 -65	Male		✓	✓	✓	✓	✓		✓	✓	✓

Board membership diversification policy; management goals; status of achievement

Management goals	Status of achievement
Directors holding a dual post as a manager of the Company shall not occupy more than one third of total director seats	Achieved
At least one member of the Board of Directors shall be a female.	Achieved
The term of office for independent directors may not exceed three terms consecutively.	Achieved
Independent directors shall occupy no less than one fifth of total director seats.	Achieved

## (II) Information on the General Manager, deputy general managers, managers, and supervisors of various departments and branches. 1.

Unit: Shares; Date: April 25, 2022

Title	Name	Date assumed office	Shares held		Spouse and minor children holding shares		Shares held in the name(s) of others	
			Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership
General Manager	Hong Mao-Yang	2018.04.01	2,265	0.00%	0	0	0	0
Foreman	Xiao Qing-Shun	2013.01.01	0	0	0	0	0	0
Deputy Foreman	Shi Fei-Peng	2020.06.01	0	0	0	0	0	0
Manager	Zheng Lian-Fan	2018.04.01	0	0	0	0	0	0
Manager	Chin Li-Jung	2014.04.01	0	0	0	0	0	0
Manager	Chiang Ching-Shan	2015.06.01	0	0	0	0	0	0
Manager	Gao Bi-Can	2016.09.01	0	0	0	0	0	0
Manager	Liu Ming-Yuan	2022.04.01	0	0	0	0	0	0
Accounting Supervisor	Wu Jia-Yu	2003.03.17	0	0	0	0	0	0
Finance Manager	Hong Jue-Qian	2022.01.10	0	0	0	0	0	0
Corporate Governance Manager	Lu Xiu-Ying	2021.05.10	0	0	0	0	0	0

(II) Information on the General Manager, deputy general managers, managers, and supervisors of various departments and branches. 2.

Date: April 25, 2022

Title (Note 1)	Name	Gender	Nationality	Principal Experience (Education) (Note 2)	Office(s) Concurrently Held in Other Companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			Note (Note 3)
						Title	Name	Relationship with the Company	
General Manager	Hong Mao- Yang	Male	Republic of China	Previously served as manager of the Company's Factory Manufacturing Department Previously served as deputy general manager and acting general manager of the Company's Business Department Agricultural Machinery Department, Pingtung Agricultural College	None	None	—	—	—
Foreman	Xiao Qing- Shun	Male	Republic of China	Former Deputy Director and Deputy Foreman of the Manufacturing Department of the Company Department of Electrical Engineering, National Kaohsiung University of Applied Sciences	None	None	—	—	—
Deputy Foreman	Shi Fei-Peng	Male	Republic of China	Previously served as assistant manager and section chief of the Company's Welding Division Department of Mechanical Engineering, Chung Cheng Institute of Technology	None	None	—	—	—
Manager	Zheng Lian- Fan	Male	Republic of China	Previously served as assistant manager, section chief, and Deputy Foreman of the Company's Technical Division and Manager of the Quality Assurance Department Department of Mechanical Engineering, Feng Chia University	None	None	—	—	—

Manager	Chin Li-Jung	Male	Republic of China	Previously served as Assistance Manager of the Business Department and Operation Department, Section chief of the Operation Department and Overseas Operation Department Department of International Trade, Concordia University (Canada)	None	None	—	—	—
Manager	Chiang Ching-Shan	Male	Republic of China	Previously served as manager and assistant manager of the Company's Processing Division Electronics major, Kaohsiung Institute of Technology	None	None	—	—	—
Manager	Gao Bi-Can	Male	Republic of China	Previously served as assistant manager and section chief of the Company's Technical Division Department of Mechanical and Automation Engineering, I-Shou University	None	None	—	—	—
Manager	Liu Ming-Yuan	Male	Republic of China	Former deputy manager of the Company's Technology Division Department of Shipbuilding, National Kaohsiung Marine University	None	None	—	—	—
Accounting Supervisor	Wu Jia-Yu	Female	Republic of China	Department of Accounting, Tunghai University	Accounting Supervisor, Hua Eng Wire & Cable Co., Ltd. Director, Savior Lifetec Corporation Director, HPixon Technologies Corporation Director, International United Technology Co., LTD	None	—	—	—
Finance Manager	Hong Jue-Qian	Female	Republic of China	Feng Chia University Department of Economics	Finance Manager and manager of the Financial Division, Hua Eng Wire & Cable Co., Ltd.	None	—	—	—
Corporate Governance Manager	Lu Xiu-Ying	Female	Republic of China	Department of Commerce, National Open University	Corporate Governance Manager and manager of the Stock Affairs Division, Hua Eng Wire & Cable Co., Ltd.	None	—	—	—

- Note 1: Include general manager, deputy general managers, deputy managers, and the chiefs of all the company's divisions and branches. Regardless of position, all assignments equivalent to general manager, deputy general manager, and deputy manager shall be shown.
- Note 2: The Company's general manager, deputy general manager, manager, and other ranks and above have not worked in the audit or CPA firms during the previous disclosure period.
- Note 3: If the company's general manager or equivalent (top manager) and its chairperson are the same person, or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be disclosed (e.g., the number of independent directors should be increased, more than half of the directors should not be concurrent employees or managers, etc.): N/A

III. Remuneration paid to directors, supervisors, general managers, deputy general manager(s) in the most recent year

(1) Remuneration paid to directors (including independent directors)

Units: NTD thousand, shares; Date: December 31, 2021

Title	Name	Directors' Remuneration								Sum of A, B, C, and D, and Sum of A, B, C, and D as a percentage of net profits after tax (Note 10)		Remuneration from concurrently serving as employee								Sum of A, B, C, D, E, F, and Sum of A, B, C, D, E, F, as a percentage of the net profit after tax (Note 10)	Remuneration received from investee companies outside of subsidiaries or from the parent company (Note 11)				
		Remuneration (A) (Note 2)		Retirement pension (B)		Directors' remuneration (C) (Note 3)		Business execution expenses (D) (Note 4)				Wages, rewards, special allowances, etc. (E) (Note 5)		Pension upon retirement (F)		Employee bonuses (G) (Note 6)									
		The Company	All companies in the financial reports (Note 7)	The Company	All companies in the financial reports (Note 7)	The Company	All companies in the financial reports (Note 7)	The Company	All companies in the financial reports (Note 7)	The Company	All companies in the financial reports (Note 7)	The Company	All companies in the financial reports (Note 7)	The Company	All companies in the financial reports (Note 7)	The Company	All companies in the financial reports (Note 7)	The Company				All companies in the financial reports (Note 7)		The Company	All companies in the financial reports (Note 7)
																		Cash amount	Stock amount			Cash amount	Stock amount		
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen	1,723	Not applicable	0	Not applicable	276	Not applicable	120	Not applicable	2,119	0.50%	0	Not applicable	0	Not applicable	0	0	0	0	2,119	0.50%	--	0		
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Lin Min-Shiang	0	Not applicable	0	Not applicable	276	Not applicable	120	Not applicable	396	0.09%	0	Not applicable	0	Not applicable	0	0	0	0	396	0.09%	--	0		
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hong-Ren	0	Not applicable	0	Not applicable	276	Not applicable	120	Not applicable	396	0.09%	0	Not applicable	0	Not applicable	0	0	0	0	396	0.09%	--	0		
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hung-Ming	33	Not applicable	0	Not applicable	-	Not applicable	10	Not applicable	43	0.01%	0	Not applicable	0	Not applicable	0	0	0	0	43	0.01%	--	0		
	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Feng-Chuan	0	Not applicable	0	Not applicable	276	Not applicable	96	Not applicable	372	0.09%	0	Not applicable	0	Not applicable	0	0	0	0	372	0.09%	--	0		
Independent Director	Hu Lee-Ren	0	Not applicable	0	Not applicable	276	Not applicable	360	Not applicable	636	0.15%	0	Not applicable	0	Not applicable	0	0	0	0	636	0.15%	--	0		
Independent Director	Cheng Kun-Fa	0	Not applicable	0	Not applicable	180	Not applicable	240	Not applicable	420	0.10%	0	Not applicable	0	Not applicable	0	0	0	0	420	0.10%	--	0		
	Cheng Tiao-Hsiang	0	Not applicable	0	Not applicable	96	Not applicable	124	Not applicable	220	0.05%	0	Not applicable	0	Not applicable	0	0	0	0	220	0.05%	--	0		
Independent Director	Huang Jen-Tsung	0	Not applicable	0	Not applicable	276	Not applicable	360	Not applicable	636	0.15%	0	Not applicable	0	Not applicable	0	0	0	0	636	0.15%	--	0		

- Please state the policies, systems, standards and structure of independent directors' remuneration, and, according to the responsibilities, risks, time invested and other factors, describe the relevance to the remuneration amount:
  - To meet the needs of independent directors to execute their business, the Board of Directors has approved a monthly payment to each independent director of a fixed amount of business execution fees.
  - If the Company makes a profit during the year, it shall allocate no more than 2% for director remuneration. However, when the Company has accumulated losses, the reserves for covering the losses shall be retained in advance.
- In addition to the above disclosure, the remuneration received by the directors from the Company, any company included in the consolidated financial statements, or any investee for services they rendered in the capacity of a role other than an employee (e.g., an adviser) in the most recent year: None.

Table of Remuneration Scales

Range of remuneration paid to each director of the Company	Director name			
	The total amount of the first four remuneration items (A+B+C+D)		The total amount of the first seven remuneration items (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the financial reports (Note 9) H	The Company (Note 8)	All companies in the financial reports (Note 9) I
Less than 1,000,000	Hua Eng Wire & Cable Co., Ltd. Representative: Lin Min-Shiang Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hong-Ren Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hung-Ming Hua Eng Wire & Cable Co., Ltd. Representative: Wang Feng-Chuan Independent Director: Hu Lee-Ren Independent Director: Cheng Kun-Fa Independent Director: Cheng Tiao-Hsiang Independent Director: Huang Jen-Tsung	N/A	Hua Eng Wire & Cable Co., Ltd. Representative: Lin Min-Shiang Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hong-Ren Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hung-Ming Hua Eng Wire & Cable Co., Ltd. Representative: Wang Feng-Chuan Independent Director: Hu Lee-Ren Independent Director: Cheng Kun-Fa Independent Director: Cheng Tiao-Hsiang Independent Director: Huang Jen-Tsung	N/A
1,000,000 (inclusive) - 2,000,000 (exclusive)				
2,000,000 (inclusive) - 3,500,000 (exclusive)	Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen		Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen	
3,500,000 (inclusive) - 5,000,000 (exclusive)				
5,000,000 (inclusive) - 10,000,000 (exclusive)				
10,000,000 (inclusive) - 15,000,000 (exclusive)				
15,000,000 (inclusive) - 30,000,000 (exclusive)				
30,000,000 (inclusive) - 50,000,000 (exclusive)				
50,000,000 (inclusive) - 100,000,000 (exclusive)				

### Three. Corporate Governance Report

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Over NTD 100,000,000			
Total	9	9	

- Note 1: The names of directors should be listed separately. (For institutional shareholders, separately list the names of the institutions and their representatives.) Furthermore, separately indicate ordinary directors and independent directors, with disclosure of remuneration amounts done in aggregate. If a director is also the general manager or a deputy general manager, please fill in this form and the following table (3).
- Note 2: Refers to the remuneration of directors in the most recent year (including directors' salary, job bonus, severance payment, various bonuses, incentives, etc.).
- Note 3: Constitutes the amount of directors' remuneration proposed to be distributed by the Board of Directors in the most recent year.
- Note 4: Refers to directors' relevant business execution expenses in the most recent year (including transportation fees, special expenses, various allowances, dormitory lodging, car allocation, etc.). When providing housing, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, and the actual or fair market price of rent, gas and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver; but this will not be included in the remuneration.
- Note 5: Refers to items received in kind, etc., by concurrent directors and employees in the most recent year (including those concurrently serving as general manager, deputy general manager, other managers, and employees). Items encompass salary, job bonuses, severance payments, various bonuses, incentives, transportation fees, special expenses, various allowances, dormitory lodging, car allocations, and so on. When providing housing, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, and the actual or fair market price of rent, gas and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver; but this will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Based Payments" should also be included in remuneration, including employee stock option certificates, new restricted employee shares, participation in share subscriptions for capital increase, etc.
- Note 6: Refers to remuneration (including stocks and cash) received by concurrent directors and employees in the most recent year (including those concurrently serving as general manager, deputy general manager, other managers, and employees). The amount of employee compensation approved by the Board of Directors in the most recent year shall be disclosed. If an estimation is not possible, calculate the proposed distribution amount this year based on the actual distribution amount last year, and fill in the attached table (4).
- Note 7: The total amount of remuneration paid by all companies (including the Company) to the directors of the Company shall be disclosed in the consolidated report.
- Note 8: The total amount of remuneration paid by the Company to each director and the name of the director is disclosed in the attribution level.
- Note 9: The total amount of remuneration paid by all companies (including the Company) to each director of the Company shall be disclosed in the consolidated report and the name of the director is disclosed in the attribution level.
- Note 10: Net profit after tax refers to the net profit after tax in the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the parent company only or individual financial report in the most recent year.

Note 11: a. This column should clearly state the amount of relevant remuneration received by the directors of the Company from investee companies outside of subsidiaries or from the parent company (if none, please fill in "none").

b. If the directors of the Company receive relevant remuneration from investee companies outside of subsidiaries or from the parent company, the remuneration received by the Company directors from investee companies outside of subsidiaries or from the parent company shall be incorporated into column I of the table of remuneration scales. Further, change the field name to "or parent company and all reinvested businesses."

c. Remuneration refers to remuneration (including remuneration for employees, directors, and supervisors), rewards, business execution expenses, and other related compensation that directors of the Company receive as directors, supervisors, or managers from investee companies outside of subsidiaries or from the parent company.

\* The content of the remunerations disclosed in this table differs from the concept of income as indicated in the Income Tax Act. As such, the purpose of this table is for disclosure of information only, not for taxation.

Note 12: On August 27, 2021, the Company held a general election, during which Liu Chung-Jen, Lin Min-Shiang, Wang Hong-Ren, and Wang Feng-Chuan were elected as corporate representative director, and Hu Lee-Ren, Cheng Tiao-Hsiang, and Huang Jen-Tsung were elected as independent director.

### Three. Corporate Governance Report

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(2) Supervisors' Remuneration: Not applicable. The Company established an Audit Committee to replace supervisors after the re-election of the Board of Directors and Supervisors on June 30, 2017.

(3) Remuneration Paid to General Manager and Deputy General Manager(s)

Unit: NTD thousand; Date: December 31, 2021

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses, special expenses, etc. (C) (Note 3)		Employee compensation amount (D) (Note 4)				Sum of A, B, C and D;_ and Sum of A, B, C, and D as a percentage of the net profits after tax (%) (Note 8)		Remuneration received from investee companies outside of subsidiaries or from the parent company  (Note 9)
		The Company	All companies in the financial reports (Note 5)	The Company	All companies in the financial reports (Note 5)	The Company	All companies in the financial reports (Note 5)	The Company		All companies in the financial reports (Note 5)		The Company	All companies in the financial reports (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
General Manager	Hong Mao-Yang	1,321	Not applicable	79	Not applicable	742	Not applicable	265	0	Not applicable	Not applicable	2,407 0.57%	Not applicable	0
Plant Director	Xiao Qing-Shun	1,204	Not applicable	73	Not applicable	617	Not applicable	240	0	Not applicable	Not applicable	2,134 0.50%	Not applicable	0

\* Regardless of job title, all positions equivalent to general manager or deputy general manager (for example: president, chief executive, director... etc.) should be disclosed.

Table of Remuneration Scales

Range of remunerations paid to general manager(s) and deputy general manager(s)	Name of General Manager and Deputy General Manager(s)	
	The Company (Note 6)	All companies in the financial reports (Note 7) E
Less than 1,000,000		N/A
1,000,000 (inclusive) - 2,000,000 (exclusive)		
2,000,000 (inclusive) - 3,500,000 (exclusive)	Hong Mao-Yang, Xiao Qing-Shun	
3,500,000 (inclusive) - 5,000,000 (exclusive)		
5,000,000 (inclusive) - 10,000,000 (exclusive)		
10,000,000 (inclusive) - 15,000,000 (exclusive)		
15,000,000 (inclusive) - 30,000,000 (exclusive)		
30,000,000 (inclusive) - 50,000,000 (exclusive)		
50,000,000 (inclusive) - 100,000,000 (exclusive)		
Over NTD 100,000,000		
Total	2	

- Note 1: The names of the general manager and deputy general managers shall be listed separately, and the payment amounts shall be disclosed in aggregate. If a director is also the general manager or a deputy general manager, please fill in this form and the above table (1-1) or (1-2).
- Note 2: Constitutes salaries, job bonuses, and severance pay for the general manager and deputy general managers in the most recent year.
- Note 3: Constitutes various bonuses, incentives, transportation fees, special expenses, various allowances, dormitory lodging, car allocations, and other remuneration amounts provided to the general manager and deputy general managers in the most recent year. When providing housing, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, and the actual or fair market price of rent, gas and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver; but this will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Based Payments" should also be included in remuneration, including employee stock option certificates, new restricted employee shares, participation in share subscriptions for capital increase, etc.
- Note 4: Constitutes the amount of employee remuneration (including stocks and cash) approved by the Board of Directors for distribution to the general manager and deputy general managers in the most recent year. If an estimation is not possible, calculate the proposed distribution amount this year based on the actual distribution amount last year, and fill in the attached table (4).
- Note 5: The total amount of remuneration paid by all companies (including the Company) to the general manager and deputy general managers of the Company shall be disclosed in the consolidated report.
- Note 6: The total amount of remuneration paid by the Company to each the general manager and deputy general manager and the name of the general manager and deputy general manager is disclosed in the attribution level.
- Note 7: The total amount of remuneration paid by all companies (including the Company) to each general manager and deputy general manager of the Company shall be disclosed in the consolidated report and the names of the general manager and deputy general managers are disclosed in the attribution level.
- Note 8: Net profit after tax refers to the net profit after tax of the parent company only or individual financial report in the most recent year.
- Note 9: a. This column should clearly state the amount of relevant remuneration received by the general manager and deputy general managers of the Company from investee companies outside of subsidiaries or from the parent company.
- b. If the general manager and deputy general managers of the Company receive relevant remuneration from investee companies outside of subsidiaries or from the parent company, the remuneration received by the Company's general manager and deputy general manager from investee companies outside of subsidiaries or from the parent company shall be incorporated into column E of the table of remuneration scales. Further, change the field name to "parent company and all reinvested businesses."
- c. Remuneration refers to remuneration (including remuneration for employees, directors, and supervisors), rewards, business execution expenses, and other related compensation that the general manager and deputy general managers of the Company receive as directors, supervisors, or

managers from investee companies outside of subsidiaries or from the parent company.

\* The content of the remunerations disclosed in this table differs from the concept of income as indicated in the Income Tax Act. As such, the purpose of this table is for disclosure of information only, not for taxation.

(4) Remuneration of top five management personnel (individual disclosure of names and remuneration methods)  
(Note 1)

Unit: NTD thousand; Date: December 31, 2021

Title	Name	Salary (A) (Note 2)		Retirement pension (B)		Bonuses and special expenses (C) (Note 3)		Employee compensation amount (D) (Note 4)				Ratio of the total amount of A, B, C and D and net profit after tax (%) (Note 6)		Remuneration received from investee companies outside of subsidiaries or from the parent company (Note 7)
		The Company	All companies in the financial reports (Note 5)	The Company	All companies in the financial reports (Note 5)	The Company	All companies in the financial reports (Note 5)	The Company		All companies in the financial reports (Note 5)		The Company	All companies in the financial reports	
								Cash amount	Stock amount	Cash amount	Stock amount			
Not applicable to the Company														

Note 1: In respect to the so-called "top five management personnel," "management personnel" here refers to Company managers. As for the standards for identification of managers, this is based on Order No. 0920001301 dated March 27, 2003, Taicaizheng Sanzi No. 0920001301 of the former Securities and Futures Commission of the Ministry of Finance, which stipulates the scope of application of "managers." In respect to calculation and determination of the top five highest-compensated personnel, this is based on the sum of the salaries, retirement pensions, bonuses, and special expenses that by Company managers receive from all companies in the consolidated financial reports, as well as the total amount of employee compensation (that is, the total amount of A+B+C+D). After sorting, the five highest paid persons are recognized. If a director concurrently serves as a manager identified above, this form and the above form (1-1) should be filled out.

Note 2: Constitutes salaries, job bonuses, and severance pay for the top five management personnel in the most recent year.

Note 3: Constitutes various bonuses, incentives, transportation fees, special expenses, various allowances, dormitory lodging, car allocations, and other remuneration amounts provided to top five management personnel in the most recent year. When providing housing, cars, and other means of transportation or exclusive personal expenses, the nature and cost of the assets provided, and the actual or fair market price of rent, gas and other payments should be disclosed. In addition, if there is a driver, please note the relevant remuneration paid by the company to the driver; but this will not be included in the remuneration. In addition, salary expenses recognized in accordance with IFRS 2 "Share Based Payments" should also be included in remuneration, including employee stock option certificates, new restricted employee shares, participation in share subscriptions for capital increase, etc.

Note 4: Constitutes the amount of employee remuneration (including stocks and cash) approved by the Board of Directors for distribution to the top five management personnel in the most recent year. If an estimation is not possible, calculate the proposed distribution amount this year based on the actual distribution amount last year, and fill in the attached table (5).

Note 5: The total amount of remuneration paid by all companies (including the Company) to the top five management personnel of the Company shall be disclosed in the consolidated report.

Note 6: Net profit after tax refers to the net profit after tax of the parent company only or individual financial report in the most recent year.

Note 7: a. This column should clearly state the amount of relevant remuneration received by the top five management personnel of the Company from investee companies outside of subsidiaries or from the parent company (if none, please fill in "none").

b. Remuneration refers to remuneration (including remuneration for employees, directors, and supervisors), rewards, business execution expenses, and other related compensation that top five management personnel of the Company receive as directors, supervisors, or managers from investee companies outside of subsidiaries or from the parent company.

\* The content of the remunerations disclosed in this table differs from the concept of income as indicated in the Income Tax Act. As such, the purpose of this table is for disclosure of information only, not for taxation.

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### (5) Names of managerial officers entitled to employee bonuses and amounts entitled

Units: NTD thousand, shares; Date: December 31, 2021

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	As percentage of income after tax (%)
Manager	General Manager	Hong Mao-Yang	0	1,314	1,314	0.31%
	Foreman	Xiao Qing-Shun				
	Deputy Foreman	Shi Fei-Peng				
	Manager	Zheng Lian-Fan				
	Manager	Chin Li-Jung				
	Manager	Chiang Ching-Shan				
	Manager	Gao Bi-Can				
	Accounting Supervisor	Wu Jia-Yu				

Note 1: Individual names and titles should be disclosed, but profit distribution can be disclosed in aggregate.

Note 2: Constitutes the amount of employee remuneration (including stocks and cash) approved by the Board of Directors for distribution to the managers in the most recent year. If an estimation is not possible, calculate the proposed distribution amount this year based on the actual distribution amount last year. Net profit after tax refers to the net profit after tax in the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the parent company only or individual financial report in the most recent year.

Note 3: The scope of application of managers is based on the regulations of Order No. 0920001301 dated March 27, 2003, Taicaizheng Sanzi No. 0920001301 of the Commission, and its scope is as follows:

- (1) General manager and equivalent
- (2) Deputy general manager and equivalent
- (3) Associate manager and equivalent
- (4) Head of Finance Department
- (5) Head of Accounting Department
- (6) Others who have the right to manage affairs and sign for the Company

Note 4: If the directors, general manager, and deputy general managers receive employee compensation (including stocks and cash), this form should also be filled out in addition to filling out attached table (1).

### (6) Amount of compensation paid in the last two years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, general manager, and deputy general managers, and the respective proportion of such compensation to the income after tax on individual financial reports, as well as the policies, standards, and packages by which it was paid, the procedures through which the compensation was determined, and its association with business performance and future risk.

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Title	2021		2020	
	Analysis table for the proportion of the total of the remuneration paid to directors, supervisors, general managers, and deputy general managers by the Company and all companies in the consolidated financial statements vs. net profits after tax on individual financial statements.		Analysis table for the proportion of the total of the remuneration paid to directors, supervisors, general managers, and deputy general managers by the Company and all companies in the consolidated financial statements vs. net profits after tax on individual financial statements.	
	The Company	All companies in consolidated statements (including the Company)	The Company	All companies in consolidated statements (including the Company)
Director	1.23%	N/A	3.99%	N/A
Supervisor	Not applicable		Not applicable	
General Manager and Deputy General Manager(s)	1.07%		3.70%	

Explanation:

1. The Company pays remuneration to directors, supervisors, general managers, and deputy general managers based on the Company's remuneration principles and with reference to the standards of its industry, as clearly stipulated in Article 39 of the Company's Articles of Incorporation and as authorized by the Board of Directors and approved by the shareholders' meeting. In addition, remuneration paid to managers is based on the Company's salary standards and employee incentive payments.
2. Remuneration of the directors and supervisors of the Company is made considering the Company's operating performance, after-tax profit, and the proportion of manager's remuneration set in the Company's Articles of Incorporation. In addition to the aforementioned basis, personal performance appraisal and contributions to the Company are also included as a reference for payment. Therefore, the Company's operating performance has direct impact on remuneration issuance.
3. Salary packages of the Company's managers are based on salary, efficiency allowance, food allowance, supervisor allowance, and transportation allowance.
4. The Remuneration Committee of the Company agreed to maintain the Company's current remuneration standards for directors and supervisors, for manager salaries, and employee bonus system; such remuneration is not related to future risks.

IV. Corporate Governance Status

(I) Information on the operation of the Board of Directors:

(1) Information on the operation of the Board of Directors

The Board of Directors met 6 times in the most recent year (A), and directors' attendances were as follows:

Title	Name (Note 1)	Number of times actually attending (observing) (B)	Frequency of attendance	Actual attendance (observation) rate (%) (B/A) (Note 2)	Note
Chairman	Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen	6	0	100.00%	
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hung-Ming	0	1	0.00%	Departed from office on February 5, 2021 (obliged to attend one meeting)
	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Feng-Chuan	4	1	66.67%	Assumed office on March 15, 2021 (obliged to attend five meetings)
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Lin Min-Shiang	6	0	100.00%	
Director	Hua Eng Wire & Cable Co., Ltd. Representative: Wang Hong-Ren	6	0	100.00%	
Independent Director	Hu Lee-Ren	5	1	83.33%	
Independent Director	Cheng Kun-Fa	4	0	100.00%	Departed from office after the general election dated August 27, 2021. (obliged to attend four meetings)
	Cheng Tiao-Hsiang	2	0	100.00%	Assumed office after the general election dated August 27, 2021. (obliged to attend two meetings)
Independent Director	Huang Jen-Tsung	4	1	66.67%	

Other matters to be recorded:

I. If any of the following occurs in the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the opinions of the Independent Directors:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act.

2nd Board meeting dated March 22, 2021: Lifted the non-competition clauses for newly

elected directors or their proxies.

2nd Board meeting dated March 22, 2021: Approved the numeration for the Chairman.

4th Board meeting dated August 6, 2021: Approved the amendments to the “Regulations Governing the Internal Control of Administration of Shareholder Services”.

The above three proposals were approved by all independent directors as proposed.

(II) Further to the aforementioned matters, any adverse opinion or qualified opinion of the Independent Directors against the resolutions of the Board: No such situation.

II. Implementation status of directors’ recusals from proposals due to conflicts of interest:

Board meeting dated March 22, 2021: The remuneration for the Company’s Chairman.

Prior to the discussion of this proposal, Chairman Liu Chung-Jen declared himself an interested party to the proposal and decided to recuse himself from participation in, discussion of, and voting on the proposal. He designated Director Lin Min-Shiang as the acting chairperson of the meeting.

This proposal was approved by all directors present as proposed, except Chairman Liu who recused himself from the meeting because of conflict of interest.

Board meeting dated May 10, 2021: List of nominees for directors to be elected on the Company’s 2021

Prior to the discussion of this proposal, Independent Directors Hu Lee-Ren and Huang Jen-Tsung declared themselves an interested party to the proposal and decided to recuse themselves from participation in, discussion of, and voting on the proposal. This proposal was approved by all directors present as proposed, except Independent Directors Hu Lee-Ren and Huang Jen-Tsung who recused themselves from the meeting because of conflict of interest.

Board meeting dated August 27, 2021: Appointment of members of the Remuneration Committee

Prior to the discussion of this proposal, the three independent directors present, namely Hu Lee-Ren, Zheng Tiao-Xiang, and Huang Jen-Tsung, declared themselves an interested party to the proposal and decided to recuse themselves from participation in, discussion of, and voting on the proposal. This proposal was approved by all directors present as proposed, except the three said directors who recused themselves from the meeting because of conflict of interest.

III. Information on the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) assessment as to be disclosed by TWSE/TPEX listed companies: Same as (2) the Board of Directors status of evaluation and implementation.

- IV. Assessment of objectives and implementation status in respect of strengthening the powers of the Board of Directors for the current and immediately past years to be carried out:
1. The Company's Board of Directors assembles at least once a quarter. Each Board member possesses the professional knowledge, skills, and competencies requisite for their performing their duties. They exercise their powers by law, by the Articles of Incorporation, and by resolutions reached by the shareholders' meeting, offering management approaches, financial planning, professional technologies, and effective and concrete suggestions and consultations on operational development. Where an agenda item at a Board of Directors meeting involves the interest of a director or the legal person represented by a director and such interest conflicts with the Company's interest, such a director shall not participate in discussion or voting, and shall recuse himself/herself from discussion and voting.
  2. The Company has set forth its "Rules of Procedure for Board of Directors Meetings" to comply in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies." Furthermore, directors' attendance at board meetings shall be entered into the Market Observation Post System and major resolutions of the Board of Directors shall be disclosed on the Company's website.
  3. In order to encourage directors to further their studies, the Company provides directors to participate in courses to increase their executive functions and meet the requirements of directors' training hours.
  4. In accordance with the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter, the Company has set up a Remuneration Committee and has established the Company's Remuneration Committee Charter. Furthermore, three Remuneration Committee members were appointed to perform remuneration functions, and they were entered in the Market Observation Post System as attending in the Remuneration Committee.
  5. To improve corporate governance and strengthen the functions of the Board of Directors, the Audit Committee was set up in 2018 in compliance with the Securities and Exchange Act and the Regulations Governing the Exercise of Powers by Audit Committees of Public Companies; and the Audit Committee organizational rules were established. The Audit Committee comprises all (3) independent directors, at least one of whom should have accounting or financial expertise. It shall assist the Board of Directors in performing supervisory duties, being responsible for the proper expression of the Company's financial statements; the selection (dismissal) of CPAs and overseeing their independence and performance; effective implementation of the company's internal control; the Company's compliance with relevant laws and regulations; and the management and control of existing or potential risks faced by the Company.
  6. The Company has taken out liability insurance for directors every year starting from 2019.
  7. The Company evaluates the performance of the Board of Directors and the functional committees once a year according to the "Board of Directors Performance Evaluation Guidelines". The evaluation results of 2021 were reported to the first Board meeting of 2022.

Note 1: Where directors and supervisors are associated with institutions, the names of institutional shareholders and their representatives shall be disclosed.

Note 2: (1) If a director or supervisor resigns before the end of the year, the date of resignation should be indicated in the remark's column. The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors during the term of service and the actual number of attendances.

(2) If directors or supervisors are re-elected before the end of the year, the new and old directors and supervisors should be listed, and the remarks column should indicate whether the director or supervisor is old, new or re-elected and the date of reelection. The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors during the term of service and the actual number of attendances.

(2) The Board of Directors status of evaluation and implementation:

Assessment cycle (Note 1)	Assessment period (Note 2)	Assessment scope (Note 3)	Assessment method (Note 4)	Assessment content (Note 5)
Performed once per year	January 1, 2021 - December 31, 2021	Self-evaluation made by the Board of Directors, individual board member, the Audit Committee, and the Remuneration Committee.	Performance evaluation on the internal self-evaluation on the Board of Directors and individual directors	<ol style="list-style-type: none"> <li>1. Board of Directors performance evaluation: The degree of participation in the Company's operations, board decision quality, board composition and structure, selection and continuous education of directors, and internal controls.</li> <li>2. Performance evaluation of individual directors: The mastery of Company goals and tasks, directors' responsibilities, involvement in the Company's operations, internal relationship management and communication, director's professional and continuing education, and internal controls.</li> <li>3. Performance evaluation of functional committees: Involvement in the Company's operations, awareness of functional committee responsibilities, functional committee decision quality, functional committee composition and member selection, internal controls, and so on.</li> </ol>

The Company has completed the evaluation of the performance of the Board of Directors of 2021. The evaluation was carried out in the form of self-evaluation, where the Board of Directors as a whole was required to evaluate their own performance by filling out a questionnaire. The questionnaires were then collected by the Company's meeting unit, which then summarized the evaluation results and reported the same to the first Board meeting of 2022 to serve as a basis for future review and improvement. The score for self-evaluation of Board performance averaged 4.86 points (out of 5 points); the score for self-evaluation of the performance of individual Board member averaged 4.88 points (out of 5 points), attesting to a functioning board operation. The score for self-evaluation of the performance of the Remuneration Committee and the Audit Committee averaged 4.95 points (out of 5 points), proving that the two committees had functioned well, met corporate governance criteria, and effectively enhanced the Board's function.

Note 1: Fill in the execution cycle of the Board of Directors evaluation; for example: once a year.

Note 2: Fill in the period covered by the Board of Directors' evaluation; for example: evaluating the performance of the board of directors from January 1, 2019 to December 31, 2019.

Note 3: The scope Board of Directors evaluation includes performance evaluation of the Board of Directors, individual directors, and functional committees.

Note 4: Evaluation methods include internal self-evaluation by the Board of Directors, self-evaluation by board

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members, peer assessment, appointment of external professional institutions, performance evaluation by experts or other appropriate methods.

Note 5: Evaluation content shall include at least the following items according to the evaluation scope:

- (1) Board of Directors performance evaluation: Include at least the degree of participation in the Company's operations, board decision quality, board composition and structure, selection and continuous education of directors, and internal controls.
- (2) Performance evaluation of individual directors: Include at least the mastery of Company goals and tasks, directors' responsibilities, involvement in the Company's operations, internal relationship management and communication, director's professional and continuing education, and internal controls.
- (3) Performance evaluation of functional committees: Involvement in the Company's operations, awareness of functional committee responsibilities, functional committee decision quality, functional committee composition and member selection, internal controls, and so on.

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### (II) Operation of the Audit Committee:

Four meetings have been held by the Audit Committee in the most recent year (A). Attendance by independent directors was as follows:

Title	Name	Frequency of actual attendance (B)	Frequency of attendance	Actual attendance rate (%) (B/A) (Note)	Note
Independent Director	Hu Lee-Ren	4	0	100%	
Independent Director	Cheng Kun-Fa	3	0	100%	Departed from office after the general election dated August 27, 2021. (obliged to attend three meetings)
	Cheng Tiao-Hsiang	1	0	100%	Assumed office after the general election dated August 27, 2021. (obliged to attend one meeting)
Independent Director	Huang Jen-Tsung	2	1	50%	

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Other matters to be recorded:

I. In the event of any of the following in the audit committee, the dates of audit committee meetings, sessions, contents of motions, the dissenting opinion, qualified opinion, or significant suggestions of the independent director, resolutions of the audit committee meetings, and the Company's response to audit committee members' opinion should be specified :

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

Board of Directors date and period	Proposal content	Audit Committee resolution results	The Company's handling of the Audit Committee's opinions
March 22, 2021 12th meeting of the 1st session	<ol style="list-style-type: none"> <li>1. Proposal on the 2020 business report and individual financial statements.</li> <li>2. Proposal on lifting the non-completion ban imposed on new directors and their representatives.</li> <li>3. Proposal on issuing the 2020 Statement on Internal Control.</li> <li>4. Proposal on the remuneration for the Company's Chairman.</li> </ol>	Following consultation by the presiding chair, the proposal was passed without objection by all members present.	After the presiding chair consulted all the directors present, the proposal was passed without objection.
May 10, 2021 13th meeting of the 1st session	<ol style="list-style-type: none"> <li>1. Proposal on the establishment of a Corporate Governance Manager.</li> </ol>	Following consultation by the presiding chair, the proposal was passed without objection by all members present.	After the presiding chair consulted all the directors present, the proposal was passed without objection.
August 6, 2021 14th meeting of the 1st session	<ol style="list-style-type: none"> <li>1. Proposal on the 2021Q2 individual financial statements.</li> <li>2. Proposal on the amendments to the "Regulations Governing the Internal Control of Administration of Shareholder Services".</li> </ol>	Following consultation by the presiding chair, the proposal was passed without objection by all members present.	After the presiding chair consulted all the directors present, the proposal was passed without objection.
November 8, 2021 1st meeting of the 2nd session	<ol style="list-style-type: none"> <li>1. Proposal on evaluation of the independence of the CPAs attesting the financial statements.</li> </ol>	Following consultation by the presiding chair, the proposal was passed without objection by all members present.	After the presiding chair consulted all the directors present, the proposal was passed without objection.

Whether an independent director has a dissenting opinion, qualified opinion, or material suggestion for the content of a motion: N/A.

Matters considered mainly included:

- \* Establishing or amending the internal control system in accordance with Article 14 of the Securities and Exchange Act.
- \* Evaluation of the effectiveness of the internal control system.
- \* Annual financial report and the Q2 financial report that needs to be certified by the CPAs.
- \* Other important matters specified by the Company or the competent authority.

(II) Further to the aforementioned matters, motions rejected by the Auditing Committee but passed by the Board at the consent of more than 2/3 of the Directors: No such situation.

II. Implementation status of independent directors' recusals due to conflicts of interest, including the name of the independent director, the content of the proposal, the reasons for recusal and voting status: No such situation.

III. The communication between the Independent Directors and the Chief Internal Auditor and the CPAs (materiality, means, and result of communication on the financial position and operation of the Company should be covered).

(I) Communication approach among independent directors, internal audit supervisors and CPAs:

1. The chief internal auditor discusses the amendment to internal control systems and laws with independent directors at an Audit Committee meeting. Auditors submit the approved monthly audit report to the independent directors for their review every month as required. The chief auditor also briefs the Board of Directors about the audit report. In doing so, we have communicated the implementation status and effectiveness of our audit tasks to the fullest extent. When an independent director deems it necessary, he/she may communicate with, and put a query to, the chief internal auditor at anytime by phone, by email, or by a face-to-face meeting.
2. Independent directors and CPAs communicate at the Audit Committee meeting, where CPAs present a written report covering the results of auditing or reviewing the financial statements and the resulting audit/review opinion to be issued, brief the independent directors about this written report, and communicate with the independent directors on the following issues: 1. Statement of independence; 2. Independent auditor's responsibility for auditing (reviewing) the financial statements; 3. Type of review opinion to be issued; 4. Audit (review) scope; 5. Audit (review) findings; 6. Annual audit plan; and 7. Update of important laws and regulations. The chief accounting officer is also present at the meeting and provides necessary information where appropriate. When an independent director deems it necessary, he/she may communicate with, and put a query to, the CPAs at anytime by phone, by email, or by a face-to-face meeting.
3. Communication frequency: The details of Audit Committee sessions where independent directors, audit supervisors, CPAs, and head of the account department are as follows:

Independent directors and internal audit supervisors	Independent directors and CPAs
March 22, 2021	March 22, 2021
May 10, 2021	May 10, 2021
August 6, 2021	August 6, 2021
November 8, 2021	November 8, 2021

IV.

## (II) Communication between independent directors and internal audit supervisors:

Date	Focus of communication	Processing implementation results
March 22, 2021	<p>1. Audit work report for the period between December 2020 and January 2021.</p> <p>2. Completion of self-evaluation of the internal control system for 2020; issuance of the 2020 Statement of Internal Control System</p>	<p>After reviewing the written report and being briefed on the same at the Board meeting, the independent directors did not have any dissenting opinion on audit work implementation results. After being approved by the Audit Committee through a review, the report and document were submitted to the By Board of Directors for resolution.</p>
May 10, 2021	<p>1. Audit work report for the period between February and March 2021.</p>	<p>After reviewing the written report and being briefed on the same at the Board meeting, the independent directors did not have any dissenting opinion on audit work implementation results.</p>
August 6, 2021	<p>1. Audit work report for the period between April and June 2021.</p> <p>2. Amendments to the “ Regulations Governing the Internal Control of Administration of Shareholder Services”.</p>	<p>After reviewing the written report and being briefed on the same at the Board meeting, the independent directors did not have any dissenting opinion on audit work implementation results. After being approved by the Audit Committee through a review, the report and document were submitted to the By Board of Directors for resolution.</p>
November 8, 2021	<p>1. Audit work report for the period between July and September 2021.</p> <p>2. Annual audit plan for 2022.</p>	<p>After reviewing the written report and being briefed on the same at the Board meeting, the independent directors did not have any dissenting opinion on audit work implementation results. After being approved by the Audit Committee through a review, the report and document were submitted to the By Board of Directors for resolution.</p>

(III) Communication between independent directors and accountants:

Date	Focus of communication	Processing implementation results
March 22, 2021	1. Communication and discussion about matters related to the Company's 2020 financial statements.	After being approved by the Audit Committee through a review, the report and document were submitted to the By Board of Directors for resolution.
May 10, 2021	1. Communication and discussion about matters related to the Company's 2021Q1 financial statements.	After being approved by the Audit Committee through a review, the report and document were submitted to the By Board of Directors for resolution.
August 6, 2021	1. Communication and discussion about matters related to the Company's 2021Q2 financial statements.	After being approved by the Audit Committee through a review, the report and document were submitted to the By Board of Directors for resolution.
November 8, 2021	1. Communication and discussion about matters related to the Company's 2021Q3 financial statements.  2. Proposal on the evaluation of the independence of the CPAs attesting the financial statements.	After being approved by the Audit Committee through a review, the report and document were submitted to the By Board of Directors for resolution.  After being approved by the Audit Committee through a review, the report and document were submitted to the By Board of Directors for resolution.

Note:

Note 1: If an independent director resigns before the end of the year, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee during the term of service and the actual number of attendances.

Note 2: If independent directors are re-elected before the end of the year, the new and old independent directors should be listed, and the remarks column should indicate whether the independent director is old, new or re-elected and the date of reelection. The actual attendance rate (%) is calculated based on the number of meetings of the Audit Committee during the term of service and the actual number of attendances.

(III) Status of corporate governance, and deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof:

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
I. Has the Company prepared and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	✓		The Company’s Board of Directors approved the formulation of the “Corporate Governance Best Practice Principles” on May 9, 2022, and disclosed the same on the website designated by the securities competent authority.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. The content is slightly revised according to the company's practice, but it is consistent with the spirit of the code.
II. The equity structure and shareholders’ equity of the Company				
(I) Does the Company have internal operating procedures in place to deal with shareholder recommendations, doubts, disputes and litigation matters according to the procedures?	✓		(I) The Company has the spokesperson and acting spokesperson to handle the shareholder suggestions or disputes. The official website of the Company also indicates the contact window for the stakeholders.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(II) Does the Company have a list of the major shareholders who actually control the Company, and the ultimate controllers of the major shareholders?	✓		(II) The Company has a list of the major shareholders who actually control the Company, and the ultimate controllers of the major shareholders and declares the information pursuant to laws and regulations.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
(III) Has the Company established and implemented the risk management, control and prevention mechanisms for affiliated companies?	✓		(III) After being passed by the Board of Directors and reported to the Shareholders’ meeting, the “Prohibition of Making Endorsement or Guarantees for Others” and the “Prohibition of	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
(IV) Has the Company established internal regulations that prohibit insiders from using unpublished information in the market to buy and sell securities?	✓		<p>Loaning Funds to Others” were put into force; the “Regulations Governing Related-party Transaction” and the “Regulations Governing the Acquisition and Disposal of Assets” were also formulated for the purpose of establishing a mechanism to control risks associated with associates.</p> <p>(IV) The Company has stipulated “Rules for the Management on the Prevention of Insider Trading.” To prevent the illegal information leakage and ensure the consistency and correctness of information announced publicly, directors, managers, and related personnel of the Company receive external trainings, and the stock affairs unit holds seminars of “Promotion on the Laws and Regulations on the Prevention of Insider Trading.” The related personnel of the Company are convened to learn the definition of insider trading and analysis on the concept, and the laws and regulations on the prohibition and case study on the insider trading are introduced in the seminar in order to strengthen the idea of the prevention on the insider trading and establish control procedure and effective prevention measures and to enhance the corporate governance.</p>	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
<p>III. Composition and Duties of the Board of Directors</p> <p>(I) Has the Board of Directors formulated diversification policy and specific management goals and implemented the same accordingly?</p>	✓		<p>(I) As required by the diversification policy specified on the Company’s “Corporate Governance Best Practice Principles”, members of the Board of Directors shall possess the knowledge, skills, and competencies requisite for performing their duties. The diversification policy has been fulfilled, given that each director performs their duties by exercising their diverse, professional knowledge about leadership, judgment, operational management, financial, and accounting. Refer to Page 18 for specific management goals and implementation status.</p>	<p>Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p>
<p>(II) Does the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?</p>		✓	<p>(II) The Board of Directors passed the resolution of establishing the Remuneration Committee on December 5, 2011, and the Shareholders’ Meeting passed the proposal of establishing the Audit Committee on June 28, 2018. Apart from the aforementioned two committees, the Company does not have other functional committees.</p>	<p>Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof						
	Yes	No	Summary Description							
(III) Has the Company formulated the board's performance assessment and evaluation method, conduct performance evaluation annually and regularly, and report the results of the performance evaluation to the Board of Directors, and apply it to individual directors' remuneration and nomination renewal?	✓		(III) The Company has stipulated the Regulations on the Performance Assessment of the Board of Directors and the evaluation method on March 23, 2020, and the performance evaluation was completed by every end of Q1 of the next year. The 2021 performance evaluation result was submitted to the Board of Directors on March 21, 2022.  The Remuneration Committee of the Company reviews remuneration policy, system, standards and structure for directors and managers and the policy and system of the performance evaluation on managers on a regular basis and submits the suggestion to the Board of Directors for discussion.	No major differences.						
(IV) Has the Company assessed the independence status of the CPAs at regular intervals?	✓		(IV) The independence evaluation on CPAs is conducted once per year. The 2021 evaluation result was submitted and approved by the Audit Committee and the Board of Directors on November 8, 2021. After evaluating the independence of CPAs pursuant to the standards below, the independence of CPAs is adequate. CPA independence evaluation standards:	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.						
			<table border="1"> <thead> <tr> <th>Evaluation indicators</th> <th>Evaluation</th> <th>Whether the CPA</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Evaluation indicators	Evaluation	Whether the CPA				
Evaluation indicators	Evaluation	Whether the CPA								

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
			result	meets the independence standard
			The CPAs are not the directors of the Company nor the affiliate companies.	Yes Yes
			The CPAs are not the shareholders of the Company nor the affiliate companies.	Yes Yes
			The CPAs are not the employees of the Company nor the affiliate companies.	Yes Yes
			The CPAs are not related to the audited cases nor have audit fees.	Yes Yes
			Whether the CPAs confirms their accounting firm has complied with the related independence regulations.	Yes Yes
			The CPAs do not serve as the director, manager, manager or any position	Yes Yes

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
			with material impact of the audit case of the Company after relieving from the position. The CPAs does not have relative relationship with the directors, managers, or personnel with material impact on the audit case of the Company. The term of office of the attesting CPAs did not exceed 7 years. Whether the CPAs comply with the independence regulations provided in The Norm of Professional Ethics for Certified Public Accountant No. 10.	
IV. Is the TWSE / TPEX listed company equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing information needed by directors	✓		At the meeting dated May 10, 2021, the Company's Board of Directors resolved to set up the post of Corporate Governance Manager, which was assumed by Manager Lu Xiu-Ying from the Stock Affairs Division who met the legal criteria requiring that a Corporate Governance Manager serve as an financial manager and an accounting manager,	Compliant with the requirements of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meeting in accordance with the law, and producing minutes of board meetings and shareholders' meetings)?			respectively, for two years . The Corporate Governance Manager would be responsible for corporate governance affairs, including conducting Board of Directors meeting and shareholder meeting related matters in accordance with law, preparing minutes of Board of Directors meetings and shareholder meetings, assisting directors in continuing education, providing information necessary for directors to perform their duties, and assisting directors to comply with laws and regulations and other requirements stipulated on the Articles of Incorporation or contracts. Refer to Page 68 for the Corporate Governance Manager's continuing education.	
V. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	✓		Each responsible unit is the communication window. The detailed contact information like telephones and email are provided on the Company website for contacting and providing services.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?		✓	Since the initial offering of our shares, the Company's Stock Affairs Division has been arranging shareholder services on its own. The shareholders meeting is convened in the manner specified by law, and on the condition of being legal, effective, and safe, so as to ensure shareholders' equity.	No significant difference.

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
VII. Disclosure of Information				
(I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	✓		(I) The Company has established the website and disclosed relevant information.	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies. The Company has established the English version of the website and disclosed basic information and business information. It is evaluating the feasibility of adding English financial information and stock affairs information. No significant difference.
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesman system, and videotaping institutional investor conferences)?	✓		(II) The Company designates responsible person to collect and disclose information and implements spokesperson system.	
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?		✓	(III) The Company announces and declares its annual financial report within two months after the end of the fiscal year, and announces and declares the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit.	

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
VIII. Is there any other essential information that would help understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and professional liability insurance coverage for the directors and supervisors)?	✓		<p>(I) Employee rights and interests: The Company has treated employees with integrity and protected their legitimate rights and interests pursuant to the Labor Standards Act.</p> <p>(II) Employee care: The Company has stipulated and promoted the benefit system and good educational training system that enrich and stabilize employee's life and established excellent mutual trust relationship with employees. (such as: group insurance, company trip, recreational events, subsidies for giving birth, wedding and funeral, scholarship for employees and their children, employee health examination, and establishing parking lots to take care of employees' lives.)</p> <p>(III) Investor relationship: The Company establishes spokesperson and acting spokesperson to handle inquiries from shareholders and provide suggestions.</p> <p>(IV) Relationship with suppliers: The Company has maintained good relationship with suppliers, and the procurement department is responsible for managing affairs related to suppliers.</p> <p>(V) Rights and interests of stakeholders: Stakeholders may communicate with and make suggestions to the Company to protect their legitimate rights and interests.</p>	Comply with the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.

(VI) Training status of directors and supervisors in the most recent fiscal year:							
Title	Name	Date assumed office	Training date		Organizer	Course title	Study Hours
			Commencement	Conclusion			
Representative of Corporate Director	Liu Chung-Jen	August 27, 2021	September 1, 2021	September 1, 2021	Financial Supervisory Commission (FSC)	The 13th Taipei Corporate Governance Forum	3
			October 27, 2021	October 27, 2021	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainable Management Workshop (17th session)	3
Representative of Corporate Director	Wang Hong-Ren	August 27, 2021	December 7, 2021	December 7, 2021	Taiwan Stock Exchange Corporation	Cathay Sustainable Finance and Climate Change Summit 2021	6
Representative of Corporate Director	Wang Feng-Chuan	August 27, 2021	December 7, 2021	December 7, 2021	Taiwan Stock Exchange Corporation	Cathay Sustainable Finance and Climate Change Summit 2021	6
Representative of Corporate Director	Lin Min-Shiang	August 27, 2021	May 7, 2021	May 7, 2021	Taiwan Corporate Governance Association	Risk-driven Corporate Sustainable Governance - From Corporate Governance to ESG	3
			September 1, 2021	September 1, 2021	Financial Supervisory Commission (FSC)	The 13th Taipei Corporate Governance Forum	3
Independent Director	Hu Lee-Ren	August 27, 2021	October 28, 2021	October 28, 2021	securities & Futures Institute	2021 Dissemination Meeting for Compliance with Laws and Regulations Governing Insider Equity Trading	3
			November 5, 2021	November 5, 2021	Securities & Futures Institute	2021 Dissemination Meeting for Prevention of Insider Trading	3

Title	Name	Date assumed office	Training date		Organizer	Course title	Study Hours
			Commencement	Conclusion			
Independent Director	Cheng Tiao-Hsiang	August 27, 2021	September 1, 2021	September 1, 2021	Financial Supervisory Commission (FSC)	The 13th Taipei Corporate Governance Forum	6
			October 22, 2021	October 22, 2021	Securities & Futures Institute	2021 Dissemination Meeting for Compliance with Laws and Regulations Governing Insider Equity Trading	3
			November 9, 2021	November 9, 2021	Securities & Futures Institute	2021 Dissemination Meeting for Prevention of Insider Trading	3
Independent Director	Huang Jen-Tsung	August 27, 2021	August 9, 2021	August 9, 2021	Taiwan Securities Association	Global Economic Trend and Investment Strategy in the Post-pandemic Era	3
			November 30, 2021	November 30, 2021	Taiwan Securities Association	2022 Economic Development Trend and Outlook	3

(VII) Implementation of risk management policies and risk measurement standards: Formulate management and control strategies and practices, with the management team analyzing risk categories according to the Company's operating conditions, such as financial risks, supply chain and raw material risks, climate change risks, environmental and safety and health management risks, information security concerns, factory management risks, etc. Further, the handling unit is responsible for implementation.

(VIII) Implementation status of customer policy: The Company has maintained good relationship with customers and fully cooperated on the technology aspect with customer's new demands and development of new items.

(IX) The Company's purchase of liability insurance for directors and supervisors: The Company has purchased directors' liability insurance and Report on the renewal of insurance policy at the fourth Board meeting dated August 6, 2021.

Evaluation item	Status (Note 1)			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
<p>IX. Corrective action taken in response to the result of the Corporate Governance Evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the priority of action on issues pending for corrective action in the most recent year. According to the results of the Corporate Governance Evaluation issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation, the Company improved in the following areas in 2021:</p> <ol style="list-style-type: none"> <li>1. The composition of the Board of Directors contains at least one female director.</li> <li>2. The Company uploads English version of Meeting Agenda and supplementary information.</li> <li>3. The Company uploads English version of annual report.</li> <li>4. The Company establishes a corporate governance officer and specifies the scope of duty, keys of the business, and keys of training courses of the position on the website and in the annual report.</li> </ol> <p>Priorities and measures put forth to strengthen those areas where improvement has not yet emerged:</p> <ol style="list-style-type: none"> <li>1. The Company announces English version of material information.</li> </ol>				

Note 1: Regardless of whether "Yes" or "No" is checked, the operation status should be described in the summary description field.

(IV) In setting up a Remuneration Committee, its composition, responsibilities and operations shall be disclosed:

1. To improve remuneration policies and systems for the Company’s directors and managers, the Remuneration Committee was established on December 5, 2011 via the Board of Directors’ 4th session of that year, and in adherence to the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange.

The Board of Directors has approved the appointment of Hu Lee-Ren, Chung Kun-Fa, Cheng Tiao-Hsiang and Huang Chen-Tsong as members of the 5th Remuneration Committee with term of office extending until August 26, 2024 this being the expiration date of the current term of directors. Hu Lee-Ren was selected from among themselves as convener.

2. Responsibilities of the Remuneration Committee: The Remuneration Committee should faithfully perform its duties with the attention of good managers, and submit its suggestions to the Board of Directors for discussion.

For detailed responsibilities, please refer to Article 6 of the "Remuneration Committee Charter" of the Company as found on the website of the stock exchange.

(Stock exchange website: Go to <http://mops.twse.com.tw> and click on "Corporate Governance," and "Formulation of rules and regulations related to corporate governance" to search)

### (1) Information of Remuneration Committee Members

April 25, 2022

Position	Criteria Name	Professional qualifications <u>and experience</u> Independence state	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Independent Director (Convener)	Hu Lee-Ren	Refer to pages 13 - 18 (I) Director Information 3.	0
Independent Director	Cheng Tiao-Hsiang		0
Independent Director	Huang Jen-Tsung		2

**(2) Information on the operation of the Remuneration Committee**

- I. There are 3 members of the Remuneration Committee of the Company.**
- II. The current term of members: August 27, 2021 to August 26, 2024; the Remuneration Committee met 3 times (A) in the most recent year and member qualifications and attendance are as follows:**

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance rate (%) (B/A) (Note)	Note
Convener	Hu Lee-Ren	3	0	100%	
Member	Cheng Kun-Fa	2	0	100%	Re-election and dismissal on August 27, 2021 (should attend 2 times)
	Cheng Tiao-Hsiang	1	0	100%	Re-election and dismissal on August 27, 2021 (should attend 1 times)
	Huang Jen-Tsung	1	1	33.33%	

Other matters to be recorded:

- I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee should be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons should be stated): No such situation.**

Date and period	Proposal content	Remuneration Committee resolution results	The Company's handling of the opinions of the Remuneration Committee
March 22, 2021 7th meeting of the 4th session	1. Proposal on distribution of the 2020 earnings as employee remuneration and directors' remuneration. 2. Proposal on the remuneration for the Company's Chairman.	Following consultation by the presiding chair, the proposal was passed without objection by all members present.	After the presiding chair consulted all the directors present, the proposal was passed without objection.
May 10, 2021 8th meeting of the 4th session	1. Proposal on adjustment of employee salary.	Following consultation by the presiding chair, the proposal was passed without objection by all members present.	
August 6, 2021 1st meeting of the 5th session	1. Proposal on review of the remuneration for the Company's directors. 2. Proposal on review of the policy, system, standard, and structure of managers' salary, and the performance and performance evaluation of managers.	Following consultation by the presiding chair, the proposal was passed without objection by all members present.	

II. On resolutions of the Remuneration Committee, if members have objections or reservations and have records or written declarations, the date, period, proposal content, opinions of all members and the handling of the opinions of the members shall be stated: No such situation.

Note:

- (1) Before the end of the year, if a member of the Remuneration Committee resigns, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during the term of service and the actual number of attendances.
- (2) Before the end of the year, if the Remuneration Committee is re-elected, the new and old Remuneration Committee members should be listed, and the remarks column should indicate whether the member is old, new or re-elected and the date of reelection. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee during the term of service and the actual number of attendances.

(V) Performance of social responsibility: The Company's systems and measures and implementation status for environmental protection, community participation, social contribution, social services, social welfare, consumer rights, human rights, safety and health, and other social responsibility activities.

**Promotion of Sustainable Development – Implementation Status and Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons**

Evaluation item	Implementation Status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description (Note 4)	
I. Does the company establish a governance structure and set up an exclusively (or concurrently) dedicated unit to promote sustainable development? Is such unit being dealt with by high level management as authorized by the Board of Directors? How is it supervised by the Board of Directors?	✓		We have set up a Sustainable Development Promotion Team, which implements sustainable development activities and discloses them in the Corporate Sustainability Report published every year.	Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
II. Does the company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	✓		The Sustainable Development Promotion Team is in charge of formulating ESG risk management policy and evaluating the ESG risks.	Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies

### Three. Corporate Governance Report

### 2021 Annual Report

Evaluation item	Implementation Status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description (Note 4)	
<b>III. Environmental Issues</b>				
(I) Has the Company established an appropriate environmental management system based on its industrial characteristics?	✓		(I) The Company controls and improves pollution based on the standard of copper casting industry. Such as adding dust collection equipment, strictly controlling sewage treatment to reduce the impact on the environment. Has passed ISO14001 environmental management system certification. Effective date: March 31, 2022, Registration number: UCS-E-13-010.	Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
(II) Is the Company committed to improving the efficiency of energy utilization and using recycled materials with low impact on the environment?	✓		Recertification completed in February 22, 2022, pending the issuance of certificate. (II) The Company treasures natural resources and performs recycling feasibility evaluation and actions on recyclable materials in the factory, such as recycling copper protection paper, pallet.	Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
(III) Does the Company assess the potential risks and opportunities of climate change for the Company now and in the future, and take measures to deal with climate-related issues?		✓	(III) The main product of the Company is the copper processing plate and belt shape semi-finished products for downstream customers. The raw material supply is stable.	Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
(IV) Does the Company count greenhouse gas emissions, water consumption and the volume of total waste in the past two years, and formulate policies for energy saving and carbon reduction, greenhouse gas reduction, water management or other waste management?	✓		(IV) 1. We have inventoried the GHG emissions, water consumption, and waste generation of our Linhai plant for the past two years by ourselves.	Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies

### Three. Corporate Governance Report

### 2021 Annual Report

Evaluation item	Implementation Status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description (Note 4)	
			<p>2. We will replace the old-model air compressors with energy-efficient ones; we have planned to establish a solar power generation system with a scheduled capacity of 1235 kWh. We recycle and reuse water and waste to reduce our consumption or generation.</p> <p>3. We have yet to launch a third-party certification program.</p>	
<p>IV. Social Issues</p> <p>(I) Has the Company established related policies and procedures in accordance with applicable legal rules and the International Convention on Human Rights?</p> <p>(II) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits, etc.), and appropriately reflects business performance or results in employee compensation?</p> <p>(III) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>(I) The Company stipulates working rules and management regulations pursuant to labor laws and regulations promulgated by the government and firmly implements them.</p> <p>(II) Remuneration and leaves are determined by the Labor Standards Acts, and the Company establishes Employee Benefits Committee and allocate employee welfare funds pursuant to laws and regulations.</p> <p>(III) The toilets for employees are cleaned on a regular basis, the lights are always on at night, water in the toilet is tap water, drinking fountains are inspected and maintained on a regular basis, educating employees to change on a regular basis, maintain the working</p>	<p>Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies</p> <p>Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies</p> <p>Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies</p>

### Three. Corporate Governance Report

### 2021 Annual Report

Evaluation item	Implementation Status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description (Note 4)	
(IV) Has the Company provided effective training in career planning for employees?	✓		environment, employee safety and hygiene habits. (IV) The Environmental Safety Office is responsible for holding the training for licenses of crane and forklift operation every year to add extra profession for employees.	Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies Comply with Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies
(V) Does the company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labeling of products and services, and implement consumer protection and grievance policies?	✓		(V) The products of the Company meet the hazardous substance restriction regulations of the European Union. The Company also provides users with contact window and information as the complaint channel.	
(VI) Has the Company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?	✓		(VI) The Company has the regulations that suppliers should promise to comply with laws and regulations on environmental protection, labor safety and health, and labor rights, and the regulations also provide that suppliers should sign the CSR Declaration Form of the Company.	
V. Does the Company refer to the internationally-prepared reporting standards or guidelines, preparation of <u>Sustainability Report</u> and other reports that disclose the Company's non-financial information? Did the preliminary report obtain	✓		1. We prepared our 2021 ESG Sustainability Report by adopting the core options of the GRI standard, and disclosed information in the manner specified in the “ Taiwan Stock Exchange Corporation Rules Governing the Preparation	No major differences.

### Three. Corporate Governance Report

### 2021 Annual Report

Evaluation item	Implementation Status (Note 1)			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the Reasons
	Yes	No	Summary Description (Note 4)	
the confidence or assurance opinion of the third-party verification unit?			and Filing of Sustainability Reports by TWSE Listed Companies”, Metals & Mining Standard - SASB and the Task Force on Climate-related Financial Disclosures (TCFD) standard. 2. We have yet to launch a third-party certification program.	
VI. If the Company has related sustainable development best practice principles compiled in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", it should disclose the difference between its principles and its implementation: The Company has prepared a corporate social responsibility report; for the state of operation, refer to the 2021 Corporate Sustainability Report. No difference				
VII. Other important information to facilitate better understanding of the company’s <u>promotion of sustainable development</u> : Refer to our website at <a href="http://www.fcht.com.tw/">http://www.fcht.com.tw/</a> for a dedicated section titled “Corporate Social Responsibility”.				

Note 1: If "Yes" is checked in the column titled “state of the operations”, please describe the important policies, strategies, and measures adopted and their implementation; if "No" is checked, please describe the difference and reasons therefor in the column titled “Difference from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and reasons therefor”, as well as policy, strategy, and measures to be taken.

Note 2: The principle of materiality refers to those who have a significant impact on the Company's investors and other interested parties related to environmental, social and corporate governance issues.

Note 3: For disclosure methods, refer to the sample template of best practice, which is available on the website of the TWSE’s Corporate Governance Center.

Note 4: If the Company has prepared a corporate social responsibility report, the operational situation may indicate the method of consulting the corporate social responsibility report and the index page instead.

(VI) The Company's performance in terms of ethical management and the measures adopted:

**Ethical business performance conditions, as well as differences and reasons for differences with Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies**

Evaluation item	Status (Note 1)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
I. Formulation of ethical management policy and plans				
(I) Has the Company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management?	✓		(I) The Company complies with the laws and regulations and abides by the ethical norms. Apart from complying with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, the Company also stipulates and implements ethics policy in accordance with the operation concept of honesty, integrity, fairness, transparency, self-discipline, and responsibility to establish excellent corporate and risk control mechanism and seek for sustainable development.	No major differences.
(II) Has the Company established an assessment mechanism for the risk of dishonesty, regularly analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies?"	✓		(II) However, the Company stipulates working rules, reward and disciplinary action regulations and relevant management operations to prevent unethical conducts.	No major differences.
(III) Does the Company specify the operating procedures,	✓		(III) We have formulated the "Ethical Corporate	No major differences.

Evaluation item	Status (Note 1)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and regularly review and revise the pre-disclosure plan?			Management Operating Procedures and Code of Conduct”, “Code of Ethics”, and “Whistle-blower Regulations”, which we have implemented, reviewed, and revised.	
<p>II. Implementation of Ethical Corporate Management</p> <p>(I) Does the Company assess a trading counterpart’s ethical management record and expressly <u>state</u> the ethical management clause in the contract to be signed with the trading counterpart?</p> <p>(II) Has the Company set up a special unit under the board of directors to promote corporate ethical management, and regularly reports (at least once a year) to the board of directors on its ethical management policies and plans to prevent dishonesty and supervision and implementation?</p> <p>(III) Has the Company developed a policy to prevent conflicts of interest, provided a proper presentation channel, and put such policy in place?</p> <p>(IV) Has the Company established an effective accounting system for the implementation of ethical management, internal control system, and the evaluation result of the risk of dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the</p>	<p>✓</p> <p></p> <p>✓</p> <p>✓</p>	<p></p> <p>✓</p> <p></p> <p></p>	<p>(I) The Company stipulates code of conducts for employees to prevent the conducts of frauds, misbehaviors, divulgence, or false report and requires that employees should not accept social intercourse and gifts from the suppliers.</p> <p>(II) For positions of operation, procurement, finished product warehousing, and overseer, the Company uses internal audit control system for auditing to prevent frauds.</p> <p>(III) The Company establishes open and fair procurement outsourcing mechanism that performs open tendering through the electronic trading platform procurement outsourcing system.</p> <p>(IV) The Company promotes full computerization that integrates HR, financial, operation, production, material and engineering functions that articulates one another and performs abnormality management. The Company also</p>	<p>Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>No major differences.</p> <p>Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation item	Status (Note 1)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
<p>plan to prevent dishonesty, or entrusted an accountant to perform the audit?</p> <p>(V) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?</p>	✓		<p>establishes independent internal audit operation structure, performs audits based on the audit plans, and reports to the Board of Directors on a regular basis.</p> <p>(V) We are disseminating the information internally and plan to hold internal and external education and trainings in this regard at regular intervals.</p>	No major differences.
<p>III. Operation of the Company's reporting system</p> <p>(I) Has the Company put in place the specific whistle-blowing and reward system, established a convenient reporting channel, and assigned appropriate personnel to deal with whistle-blowing?</p> <p>(II) Has the Company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?</p> <p>(III) Has the Company taken measures to protect whistle-blowers from retaliation due to reporting?</p>	<p>✓</p> <p>✓</p>		<p>(I) The Company reports the complaints based on the authority and transfers the case to the investigation units for further investigation, who will submit a written report to the General Manager and Chairman. Where the complaint is confirmed a fact, the case will be handled pursuant to the working rules for the employees, and an improvement plan will be submitted. The whistleblower will be rewarded pursuant to the working rules for the employees.</p> <p>(II) Where there is any violation of the ethical corporate management, except for reporting to the department supervisor directly, employees may also report to the audit unit. If the report is confirmed, the whistleblower will be rewarded based on the severity of the violation.</p>	<p>Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p> <p>Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Evaluation item	Status (Note 1)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
	✓		(III) The Company fulfills the confidential and protection responsibility to whistleblowers, who will not be mistreated by reporting the violations.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
IV. Strengthening information disclosure Has the Company, on its website and on the Market Observation Post System, disclosed the content and promotion effectiveness of its Ethical Corporate Management Best Practice Principles?	✓		Establish company website, disclose company product, basic information and financial information, and disclose company information on the MOPS in a timely, public and transparent manner so that customers and investors may inquire information.	Comply with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies.
V. If the Company has enacted the Ethical Corporate Management Best Practice Principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the difference between its operation and the Principles: The Company has formulated Ethical Corporate Management Best Practice Principles, and it does comply with the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, relevant regulations of TWSE/GTSM Listed Companies, and other business conduct related laws and regulations, and the audit unit shall conduct various project inspections.				
VI. Other information that enables a better understanding of the Company's ethical corporate management: (For example, the Company's review and revision the Ethical Corporate Management Best Practice Principles, etc.) It pays continuous attention to the development of relevant standards for ethical management at home and abroad, and reviews and improves the Company's ethical management policy accordingly to enhance the effectiveness of the Company's ethical management.				

Note 1: Regardless of whether "Yes" or "No" is checked, the operation status should be described in the summary description field.

(VII) If the Corporate Governance Best Practice Principles and related regulations have been established, disclosure should be made on how to inquire about such principles:  
Refer to the Market Observations Post System (MOPS) at <http://mops.twse.com.tw/> — Corporate Governance.

(VIII) Other important information that is sufficient to enhance the understanding of corporate governance and operational conditions:

1. Managers' participation in corporate governance-related study and training:

Title	Name	Training date		Organizer	Course title	Training hours
		Commencement	Conclusion			
General Manager	Hong Mao-Yang	October 22, 2021	October 22, 2021	Taiwan Corporate Governance Association	Corporate Governance Summit - Implement ESG, Governance, and Sustainable Development	6
Deputy plant director	Shi Fei-Peng	October 22, 2021	October 22, 2021	Taiwan Corporate Governance Association	Corporate Governance Summit - Implement ESG, Governance, and Sustainable Development	6
Manager	Zheng Lian-Fan	October 22, 2021	October 22, 2021	Taiwan Corporate Governance Association	Corporate Governance Summit - Implement ESG, Governance, and Sustainable Development	6
Manager	Gao Bi-Can	October 22, 2021	October 22, 2021	Taiwan Corporate Governance Association	Corporate Governance Summit - Implement ESG, Governance, and Sustainable Development	6
Head of Finance Department	Lin Min-Shiang	May 7, 2021	May 7, 2021	Taiwan Corporate Governance Association	Risk-driven Corporate Sustainable Governance - From Corporate Governance to ESG	3
		September 1, 2021	September 1, 2021	Financial Supervisory Commission (FSC)	The 13th Taipei Corporate Governance Forum	3
Corporate Governance Manager	Lu Xiu-Ying	September 1, 2021	September 1, 2021	Financial Supervisory Commission (FSC)	The 13th Taipei Corporate Governance Forum	6
		September 17, 2021	September 17, 2021	Accounting Research and Development Foundation	Corporate Governance 3.0 Sustainable Development Roadmap	3
		October 28, 2021	October 28, 2021	Securities & Futures Institute	2021 Dissemination Meeting for Compliance with Laws and Regulations Governing Insider Equity Trading	3
		November 5, 2021	November 5, 2021	Securities & Futures Institute	2021 Dissemination Meeting for Prevention of Insider Trading	3
Internal Auditor	Jiang Wan-Lan	November 9, 2021	November 9, 2021	Securities & Futures Institute	2021 Dissemination Meeting for Prevention of Insider Trading	3
Accounting Supervisor	Wu Jia-Yu	September 9, 2021	September 9, 2021	Accounting Research and Development Foundation	Continuing training course for issuing broker stock exchange accounting supervisors	12

2. Company personnel related to financial information transparency who have obtained relevant licenses specified by the competent authority:  
1 accountancy license, 5 senior securities specialist licenses, and 1 securities specialist license.
3. Establishing a code of conduct or ethics for employees:
  - (1) To regulate the behavior of employees, the Company has formulated Employee Work Rules in accordance with regulations, to be implemented after the approval of the Board of Directors.
  - (2) There are penalties for employees who use their positions to seek illegal benefits, accept entertainment, gifts, receive kickbacks, embezzle public funds, or obtain other illegal benefits. To prevent dishonest behavior, periodic education and training is in place for employees and fraud prevention is undertaken through the inspection mechanism of the internal audit unit.
4. Formulation of procedures for handling material inside information:
  - (1) The Company's internal control system prevents the handling and disclosure of important internal information in the management of insider transactions. After the public information declaration is approved by the responsible manager, the computer of the full-time personnel shall install "certification software" with the use of the key to be controlled before uploading the notification declaration.
  - (2) A spokesperson system has been established. When the Company has material information to communicate with the outside world, it shall be disseminated in a unified manner by the responsible person, by the spokesperson, or by the acting spokesperson.

(IX) Implementation status of internal control system:

1. Statement of Internal Control.

2021 Internal Control System Statement

Indicates that both the design and execution are effective

(A declaration is made on all the laws and regulations for the part that adopts the laws and regulations)

First Copper Technology Co., Ltd.

Internal Control System Statement

Date: March 21, 2022

Based on the self-assessment of Company's internal control system for year 2021, we declare that:

- I. The establishment, implementation and maintenance of an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system, designed to provide reasonable assurance with respect to the effectiveness and efficiency of business operations (including profitability, performance and safeguarding of assets) and accomplishment of the goals of reliable, timely and transparent reporting and compliance with relevant rules and regulations.
- II. An internal control system, no matter how well designed, has inherent limitations and therefore can provide only reasonable assurance with respect to the accomplishment of the above goals. Furthermore, because of changing conditions and circumstances, the effectiveness of an internal control system may vary over time. Notwithstanding, the internal control system of the Company contains self-oversight mechanisms, and actions are taken to correct deficiencies as they are identified.
- III. The Company examined the effectiveness of the design and implementation of its internal control system according to the criteria prescribed in the "Regulations Governing Establishment of Internal Control Systems by Public Companies " (herein below, the "Regulations"). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each component also includes several items which can be found in the Regulations.
- IV. The Company has evaluated the effectiveness of the design and implementation of its internal control system in accordance with the above criteria.
- V. Based on the assessment results of preceding paragraph, the Company believes that, on December 31, 2021, the design and implementation of its internal control system (that includes the supervision and management of its subsidiaries), including the understanding of the effectiveness and efficiency of operations, the degree of achieving the goals, reliable, timely and transparent reporting and compliance with relevant rules and regulations, are effective and can provide reasonable assurance with respect to the accomplishment of the above goals.
- VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any false representation, concealment, or other illegality in this Statement shall be subjected to legal consequences as stipulated in Articles 20, 32, 171, and 174 of the Securities and Exchange Law.
- VII. This Statement has been unanimously approved by 7 attended directors in the Board of Directors meeting held on March 21, 2022.

First Copper Technology Co., Ltd.

Chairman:                      signature

General Manager:                      signature

2. If a CPA is retained for the conduct of the internal audit system, disclose the Auditor’s Report: None.

(X) In the most recent year and as of the date of publication of the annual report, whether the Company and its internal personnel have been disciplined according to law, the Company’s disciplining of its internal personnel for violating the provisions of the Internal Control System, and major deficiencies and improvements: None.

(XI) In the most recent year and as of the printing date of the annual report, important resolutions of the shareholders meeting and Board of Directors:

1. Important shareholders' meeting resolutions

Date	Meeting type	Important resolution	Implementation status
August 27, 2021	2021 Annual Shareholders’ Meeting	1. Adoption of the Company’s Business Report and Financial Statements for 2020.	Passed the Company’s Business Report and Financial Statements for 2020. Resolutions announced on the date of the shareholders' meeting
		2. Adoption of the Company’s 2020 Earnings Distribution Proposal	The proposal was executed accordingly; the Board of Directors was authorized to set the ex-dividend date on September 20, 2021 and distribute cash dividends starting from October 14, 2021. (NT\$0.8 cash dividends per share)
		3. Passed the amendment to the Company’s “Regulations Governing Director Election”.	Disclosed on the Company’s website after being passed by the 2021 shareholders’ meeting, and was implemented accordingly.
		4. Passed the proposal on reelection of directors (including independent directors). Director-elect: Hua Eng Wire & Cable Co., Ltd. Representative: Liu Chung-Jen; Lin Min-Shiang; Wang Hong-Ren; and Wang Feng-Chuan Independent director - elect: Hu Lee-Ren; Zheng Tiao-Xiang; Huang Jen-Tsung	The application for registration was approved by the Department of Commerce, Ministry of Economic Affairs, on September 10, 2021, and was disclosed on the Company’s website.
		5. Lifted the non-competition clauses for newly elected directors or their proxies.	Announcement has been made after the resolution of the shareholders’ meeting.

2. Important resolutions of the Board of Directors

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Date	Meeting type	Important resolution
January 11, 2021	1st Board meeting of 2021	1. Passed the proposal on election of a chairman.
March 22, 2021	2nd Board meeting of 2021	<ol style="list-style-type: none"> <li>1. Passed the proposal on distribution of the 2020 earnings as employee remuneration and directors' remuneration.</li> <li>2. Passed the proposal on the 2020 business report and individual financial statements.</li> <li>3. Passed the Company's 2020 Earnings Distribution Proposal</li> <li>4. Passed the proposal on reelection of directors (including independent directors).</li> <li>5. Passed the proposal on lifting the non-competition clauses for newly elected directors or their proxies.</li> <li>6. Passed the proposal on convention of the 2021 Shareholders' Meeting.</li> <li>7. Passed the proposal on issuing the 2020 Statement on Internal Control.</li> <li>8. Passed the proposal on the amendments to the "Regulations for Election of Directors".</li> <li>9. Passed the proposal on substituting new equipment for old ones in Linhai Plant.</li> <li>10. Passed the proposal on sales limit assigned to vendors.</li> <li>11. Passed the proposal on application to a financial institution for a line of credit.</li> <li>12. Passed the proposal on the remuneration for the Company's Chairman.</li> </ol>
May 10, 2021	3rd Board meeting of 2021	<ol style="list-style-type: none"> <li>1. Passed the candidate list for the directors in the 2021 General Meeting of Shareholders.</li> <li>2. Passed the establishment of corporate governance officer.</li> <li>3. Passed the lifting of the prohibition on competition for managers.</li> <li>4. Passed the adjustment on employee salaries.</li> </ol>
August 6, 2021	4th Board meeting of 2021	<ol style="list-style-type: none"> <li>1. Passed the proposal on the Company's 2021Q2 individual financial statements.</li> <li>2. Passed the proposal on setting the date and venue of the 2021 Annual Shareholders' Meeting.</li> <li>3. Passed the proposal on the amendments to the "Regulations Governing the Internal Control of Administration of Shareholder Services".</li> <li>4. Passed the proposal on revising the Company's 2021 budget development</li> </ol>
August 27, 2021	5th Board meeting of 2021	<ol style="list-style-type: none"> <li>1. Passed the proposal on election of a chairman.</li> <li>2. Passed the proposal on appointment of members of the Remuneration Committee.</li> </ol>
November 8, 2021	6th Board meeting of 2021	<ol style="list-style-type: none"> <li>1. Passed the proposal on the Company's 2021Q3 individual financial statements.</li> <li>2. Passed the proposal on evaluation of the independence of the CPAs attesting the financial statements.</li> <li>3. Passed the annual audit plan for 2022.</li> <li>4. Passed the proposal on a credit limit for purchase of stocks to meet the needs of investment and wealth management in 2022.</li> <li>5. Passed the proposal on appointment of advisers for 2022.</li> <li>6. Passed the proposal on application to a financial institution for raising the line of credit.</li> <li>7. Passed the proposal on establishment of a solar power generation facility on the</li> </ol>

		<p>rooftop of our Linhai plant.</p> <p>8. Passed the Proposal on review of the remuneration for the Company's directors.</p> <p>9. Passed the proposal on review of the policy, system, standard, and structure of managers' salary, and the performance and performance evaluation of managers.</p>
March 21, 2022	1st Board meeting of 2022	<p>1. Passed the proposal on distribution of the 2021 earnings as employee remuneration and directors' remuneration.</p> <p>2. Passed the proposal on the 2021 business report and individual financial statements.</p> <p>3. Passed the Company's 2021 Earnings Distribution Proposal</p> <p>4. Passed the proposal on the amendments to the "Procedures for Acquisition or Disposal of Assets".</p> <p>5. Passed the proposal on convention of the 2022 Shareholders' Meeting.</p> <p>6. Passed the proposal on revising the Company's 2022 budget development</p> <p>7. Passed the proposal on issuing the 2021 Statement on Internal Control.</p> <p>8. Passed the proposal on lifting the non-compete ban imposed on the Company's managers.</p> <p>9. Passed the proposal on replacement of attesting CPAs in line with the job rotation within the accounting firm.</p> <p>10. Passed the proposal on adjustment of salary due to personnel changes among the managers in Linhai plant.</p> <p>11. Passed the proposal on a credit limit for purchase of stocks in 2022.</p> <p>12. Passed the Proposal on adjusting the remuneration for the Company's directors.</p> <p>13. Passed the proposal on sales limit assigned to vendors.</p> <p>14. Passed the proposal on application to a financial institution for a line of credit.</p>
May 9, 2021	2nd Board meeting of 2022	<p>1. Passed the proposal on the Company's 2022Q1 individual financial statements.</p> <p>2. Passed the proposal on evaluation of the independence of the CPAs attesting the financial statements.</p> <p>3. Passed the proposal on formulation of the Company's "Corporate Governance Best Practice Principles", "Ethical Corporate Management Best Practice Principles", and "Sustainable Development Best Practice Principles".</p>

(XII) Directors holding adverse opinions on the resolutions of the Board in the most recent year to the day this report was printed on record or in written declaration, and the summary of the content:  
None.

(XIII) Summary of resignation or relief from office of the Chairman, President, Chief Accountant, Chief Financial Officer, Chief Internal Auditor, Chief of Corporate Governance, and Chief R&D Officer of the Company in the most recent year to the day this report was printed:

Summary table of the resignation and dismissal of relevant persons in the Company April 25, 2022

Title	Name	Date assumed office	Date dismissed from office	Reasons for resignation or dismissal
Chairman	Wang Hung-Ming	2017.06.30	2021.01.11	Occupied with private affairs
Chief financial officer	Lin Min-Shiang	2000.06.20	2022.01.10	Deceased

Note: Relevant persons of the Company refer to the Chairman, General Manager, Chief Accountant, Chief Financial Officer, Chief Internal Auditor, Chief of Corporate Governance, Chief R&D Officer, and so on.

## V. Information about CPA Professional Fees:

Information about CPA Professional Fees

Currency unit: NTD thousand

Accounting firm	Name of CPA	CPA's audit period	Audit Fee	Non-audit fee	Total	Remark
KPMG Taiwan	Yang Po-Jen, Hsu Chen-Lung	January 1 2021 - December 31, 2021	1,280	345	1,625	Tax audit

Please specify the content of audit fee and non-audit fee: (e.g., tax attestation, assurance, or other financial consultation)

Note: If the Company has changed accountants or accounting firms this year, please list the audit period separately and explain the reason for the change in the remarks column and disclosed in order the paid audit fee and non-audit fee. A description of the content of non-Audit fees shall be given.

## VI. Changes in Accountant Information:

Due to internal work rotation needs of the accounting firm, starting from the Q1 2016 financial report the CPAs have been changed from Yang Po-Jen and Chen Kuo-Tsong to Yang Boren and Hsu Chen-Lung.

(I) About previous CPA: Not applicable.

(II) About CPA in succession: Not applicable.

(III) The former accountant's reply to Article 10, paragraph 6, item 1 and item 2-3 of Regulations Governing Information to be Published in Annual Reports of Public Companies: Not applicable.

VII. The Company's chairman, general manager, or the manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year: None.

VIII. Changes to the shares held by directors, managers, and shareholders holding more than 10% of the shares in the most recent year and through the printing date of the annual report.

(I) Directors, managers and major shareholders' equity changes

Title (Note 1)	Name	2021		From the current year up to April 25, 2022. (The closing date of the shareholders' meeting)	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	Hua Eng Wire & Cable Co., Ltd.	0	0	0	0
	Representative: Liu Chung-Jen	0	0	0	0
Chairman (3 seats) and large shareholders	Hua Eng Wire & Cable Co., Ltd.				
	Representative: Wang Ming-Jen	0	0	0	0
	Representative: Wang Hong-Ren	0	0	0	0
	Representative: Wang Feng-Chuan	0	0	0	0
Independent Director	Hu Lee-Ren	0	0	0	0
Independent Director	Cheng Tiao-Hsiang	0	0	0	0
Independent Director	Huang Jen-Tsung	0	0	0	0
General Manager	Hong Mao-Yang	0	0	0	0
Foreman	Xiao Qing-Shun	0	0	0	0
Deputy Foreman	Shi Fei-Peng	0	0	0	0
Manager	Zheng Lian-Fan	0	0	0	0
Manager	Tsai Ruei-Hsiung	0	0	0	0

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Manager	Chin Li-Jung	0	0	0	0
Manager	Chiang Ching-Shan	0	0	0	0
Manager	Gao Bi-Can	0	0	0	0
Manager	Liu Ming-Yuan	0	0	0	0
Corporate Governance	Lu Xiu-Ying	0	0	0	0
Manager Finance	Hong Jue-Qian	0	0	0	0
Manager Accounting	Wu Jia-Yu	0	0	0	0
Supervisor					

Note 1: Shareholders holding more than 10% of the Company's total shares should be marked as major shareholders and listed separately.

Note 2: If the counterparty of the equity transfer or equity pledge is a related party, the following table should be filled in.

(II) Share transfer information: Not applicable (the counterparty of equity transfer is not a related party).

(III) Equity pledge information: Not applicable (the counterparty of equity pledge is not a related party).

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#### IX. Information about the relationships among top ten shareholders, such as related parties, spouses, or relatives within the second degree of kinship.

##### Information about relationships among the ten largest shareholders

Unit: Shares

Name (Note 1)	Number of shares personally held		Spouse and minor children holding shares		Total holding of shares in the names of others		Where top ten shareholders have a relationship with each other or a relative relationship within the scope of their spouse or relative within the second degree of kinship, the name or designation and the relationship (Note 3)		Note:
	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Number of shares	Percentage of ownership	Designation (or name)	Relationship with the Company	
Hua Eng Wire & Cable Co., Ltd.	141,831,792	39.44%	—	—	—	—	Wang Yu-Fa; Wang Feng-Shu	Director of the company	
Chairman: Liu Chung-Jen	312,191	0.09%	6,550,802	1.82%	—	—	Wang Yu-Fa; Wang-Yang Bi-E Wang Wen-Ling; Wang Feng-Chuan; Wang Feng-Shu Wang Hung-Ming; Wang Feng-Chin; Wang Hong-Ren	A relative within the second degree of kinship	
Chairman: Wang Yu-Fa	28,683,772	7.98%	9,048,218	2.52%	—	—	Hua Eng Wire & Cable Co., Ltd.	The chairman is a relative within second-degree of kinship.	
							Liu Chung-Jen; Wang-Yang Bi-E ; Wang Wen-Ling Wang Feng-Chuan, Wang Feng-Shu, Wang Hung-Ming Wang Feng-Chin; Wang Hong-Ren	A relative within the second degree of kinship	
Wang-Yang Bi-E	9,048,218	2.52%	28,683,772	7.98%	—	—	Hua Eng Wire & Cable Co., Ltd.	The chairman is a relative within second-degree of kinship.	
							Wang Yu-Fa; Liu Chung-Jen; Wang Wen-Ling Wang Feng-Shu; Wang Feng-Chuan Wang Hung-Ming; Wang Feng-Chin; Wang Hong-Ren	A relative within the second degree of kinship	
Wang Wen-Ling	6,550,802	1.82%	312,191	0.09%	—	—	Hua Eng Wire & Cable Co., Ltd.	The chairman is a relative within second-degree of kinship.	
							International Shipbreaking Enterprise Co. Ltd.	Director of the company	
							Wang Yu-Fa; Wang-Yang Bi-E; Liu Chung-Jen Wang Feng-Chuan, Wang Feng-Shu, Wang Hung-Ming Wang Feng-Chin; Wang Hong-Ren	A relative within the second degree of kinship	
Wang Feng-Chuan	2,400,289	0.67%	—	—	—	—	Hua Eng Wire & Cable Co., Ltd.	The chairman is a relative within second-degree of kinship.	

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							Wang Yu-Fa; Wang-Yang Bi-E; Liu Chung-Jen Wang Wen-Ling; Wang Feng-Shu, Wang Hung-Ming Wang Feng-Chin; Wang Hong-Ren	A relative within the second degree of kinship
International Shipbreaking Enterprise Co. Ltd.	1,798,597	0.50%	—	—	—	—	Wang Wen-Ling; Wang Hong-Ren	Director of the company
Chairman: Huang Shang-Sa	63,967	0.02%	—	—	—	—	None	None
							Hua Eng Wire & Cable Co., Ltd.	Director of the company
Wang Feng-Shu	1,529,987	0.43%	—	—	—	—	Wang Yu-Fa; Wang-Yang Bi-E; Liu Chung-Jen Wang Wen-Ling; Wang Feng-Chuan; Wang Hung-Ming Wang Feng-Chin; Wang Hong-Ren	A relative within the second degree of kinship
							Hua Eng Wire & Cable Co., Ltd.	The chairman is a relative within second-degree of kinship.
Wang Hung-Ming	1,460,960	0.41%	—	—	—	—	Wang Yu-Fa; Wang-Yang Bi-E; Liu Chung-Jen Wang Wen-Ling; Wang Feng-Chuan; Wang Feng-Shu Wang Feng-Chin; Wang Hong-Ren	A relative within the second degree of kinship
							Hua Eng Wire & Cable Co., Ltd.	The chairman is a relative within second-degree of kinship.
Wang Feng-Chin;	828,120	0.23%	—	—	—	—	Wang Yu-Fa; Wang-Yang Bi-E; Liu Chung-Jen Wang Wen-Ling; Wang Feng-Chuan; Wang Hung-Ming Wang Feng-Shu; Wang Hong-Ren	A relative within the second degree of kinship
							Hua Eng Wire & Cable Co., Ltd.	The chairman is a relative within second-degree of kinship.
Wang Hong-Ren	679,110	0.19%	—	—	—	—	International Shipbreaking Enterprise Co. Ltd. Wang Yu-Fa; Wang-Yang Bi-E; Liu Chung-Jen Wang Wen-Ling; Wang Feng-Chuan; Wang Hung-Ming Wang Feng-Chin; Wang Feng-Shu	Director of the company A relative within the second degree of kinship

Note 1: All the top ten shareholders should be listed. Those who are institutional shareholders shall list the name of institutional shareholder and the name of its representatives separately.

Note 2: The calculation of the shareholding ratio refers to the calculation of the shareholding ratio in their own name, spouse, or minor children, or held in the names of others.

Note 3: Shareholders listed in the previous disclosure shall disclose their relationships, including institutional shareholders and natural person shareholders.

- X. The total number of shares and total equity stake held in any single enterprise by the Company, its directors and supervisors, managerial officers, and any companies controlled either directly or indirectly by the Company.

### Comprehensive Shareholding Ratios

Date: March 31, 2022; Units: Shares, %

Reinvested business (Note)	The Company's investment		Directors, supervisors, managers and direct or indirect control of investment in the business		Comprehensive investment	
	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding
Hua Eng Wire & Cable Co., Ltd.	208,563,824	32.96%	0	0.00%	208,563,824	32.96%
Hua Ho Engineering Co., Ltd.	10,000	0.29%	1,726,000	49.31%	1,736,000	49.60%
Asia Pacific Telecom Co., Ltd.	6,708,441	0.16%	89,087,877	2.06%	95,796,318	2.22%

Note: Constitutes the Company's primary investment.

## I. Capital and Shares

## (I) Sources of equity

Year month	Issuing price	Approved share capital		Paid-in capital		Note		
		Number of shares	Amount (NTD)	Number of shares	Amount (NTD)	Sources of equity	Property other than cash contributed as equity capital	Others
July 2003	10	359,622,165	3,596,221,650	359,622,165	3,596,221,650	Capitalization of retained earnings of NT\$10,734,990 Capitalization of capital reserve of NT\$7,156,660	None	Note

Note: Approved for handling under Taizaizheng (1) No. 0920130614, July 9, 2003

## Type of shares

Shares Type	Approved share capital			Note
	Listed and tradable shares	Unissued shares	Total	
Registered share	359,622,165	0	359,622,165	—

Information concerning the collective reporting system: Not applicable.

## (II) Shareholder structure

Unit: Shares / The closing date of the shareholders meeting, April 25, 2022

Shareholder structure Quantity	Government agency	Financial institution	Other juridical persons	Individual	Foreign institutions and foreigners	Total
Number of individuals	1	9	53	61,209	78	61,350
Number of shareholding	30	617,312	145,227,108	210,076,077	3,701,638	359,622,165
Percentage of shareholding	0.00%	0.17%	40.38%	58.42%	1.03%	100.00%

## (III) Distribution of equity

## Distribution of common stock

April 25, 2022

Shareholding class	Number of shareholders	Number of shareholding	Percentage of shareholding
1 to 999	19,192	3,810,122	1.05%
1,000 to 5,000	36,388	70,255,613	19.54%
5,001 to 10,000	3,612	29,060,103	8.08%
10,001 to 15,000	839	10,903,011	3.03%
15,001 to 20,000	557	10,491,652	2.92%
20,001 to 30,000	344	8,947,817	2.49%
<u>30,001 to 40,000</u>	140	5,085,266	1.41%
<u>40,001 to 50,000</u>	82	3,905,084	1.09%
50,001 to 100,000	124	8,805,693	2.45%
100,001 to 200,000	40	5,774,898	1.61%
200,001 to 400,000	14	3,658,006	1.02%
400,001 to 600,000	7	3,505,253	0.97%
600,001 to 800,000	2	1,287,110	0.36%
800,001 to 1,000,000	1	828,120	0.23%
1,000,001 or more	8	193,304,417	53.75%
Total	61,350	359,622,165	100.00%

Distribution of preferred stock: Not applicable as the Company has not issued preferred stock.

## (IV) List of major shareholders

April 25, 2022

Name	Shares	Number of shareholding	Percentage of shareholding
Hua Eng Wire & Cable Co., Ltd.		141,831,792	39.44 %
Wang Yu-Fa		28,683,772	7.98 %

※ Shareholders holding more than 5%

(V) Information about market price, net value, earnings, and dividends per share in the most recent two years

Item		Year		From the current year through the printing date of the annual report (Note 8)
		2021	2020	
Market price per share (Note 1)	High	76.60	28.65	55.30
	Low	19.00	5.35	36.20
	Average	52.66	18.55	47.52
Net value per share (Note 2)	Before distribution	17.92	12.65	18.18
	After distribution	—	11.85	—
Earnings per share	Weighted average number of shares	359,622,165	359,622,165	359,622,165
	Earnings per share (Note 3)	1.18	0.22	0.02
Dividend per share	Cash dividend	1	0.80	—
	issuance of bonus shares	—	—	—
		—	—	—
Accumulated unpaid dividends (Note 4)	0	0	0	
Return on investment analysis	P/E ratio (Note 5)	44.63	84.32	—
	Price to dividend ratio (Note 6)	52.66	23.19	—
	Cash dividend yield (Note 7)	1.90%	4.31%	—

\* In the case of allotment of shares from retained earnings or capitalization of capital reserves, disclose the market price and cash dividend information adjusted retrospectively based on the number of shares issued.

Note 1: List the highest and lowest market prices of common stock in each year, and calculate the average market prices for each year based on the transaction value and volume of each year.

Note 2: Please fill in the list based on the number of issued shares at the end of the year and based on the Board of Directors or resolution of the shareholders' meeting in the following year.

Note 3: If retrospective adjustment is required due to circumstances such as issuance of stock dividends, the earnings per share before and after adjustment shall be shown.

Note 4: If the equity securities issuance conditions stipulate that the dividends not paid in the current year will accumulate to the year when there is a profit, the dividends accumulated until the current year shall be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year/earnings per share.

Note 6: P/E ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: The net value per share and earnings per share should be filled in with the information verified (reviewed) by an accountant as of the printing date of the annual report in the latest quarter; the remaining fields should be filled in with the data of the current year as of the printing date of the annual report.

## (VI) Company dividend policy and implementation status

## 1. Dividend policy stipulated in the Company's Articles of Incorporation

If there is a profit in the Company's annual final accounts, it shall first pay taxes to make up for the accumulated losses. A 10% withdrawal is the legal reserve, but this is not the limit when the legal reserve has reached the Company's paid-in capital. In addition, a special reserve may be allocated or transferred depending on the Company's operating needs and legal requirements. If there is a profit as well as undistributed surplus earnings at the beginning of the same period, the Board of Directors shall draft a profit distribution proposal and submit it to the shareholders' meeting for resolution.

Amid a still-growing business environment, the Company shall master the economic environment to seek sustainable operations and long-term development. Dividend policy will focus on the principle of stability. When the Board of Directors submits a profit distribution proposal, it shall consider future profitability and plans for working capital and may reserve a portion of profits at its discretion. Profit distributions shall account for 50% or more of distributable earnings; out of this, cash dividends shall not be less than 10% of the total dividend distribution for a given year.

## 2. Proposed dividend distribution for presentation to this year's Shareholders' Meeting:

The Board of Directors approved the cash dividend of NT\$1.00 per share to shareholders, with a total amount of NT\$359,622,165 to be distributed.

## 3. The Company's dividend policy is expected to have no major changes.

## (VII) The influence of stock dividends planned to be paid in the Shareholders Meeting of this year on the operation performance and earnings per share of the Company:

The 2021 earnings distribution of the Company does not include

issuance of bonus shares, so it is not applicable.

(VIII) Remuneration for employees, directors, and supervisors:

1. The percentage or range of employee remuneration and directors' remuneration as set out in the Articles of Incorporation:

If the Company makes a profit during the year, it shall allocate no less than 3% for employee remuneration and no more than 2% for director remuneration. However, when the Company has accumulated losses, the reserves for covering the losses shall be retained in advance.

2. The accounting of the difference between the amounts calculated on the basis of the estimation of the remuneration to the employees and the Directors, the calculation of shares for paying stock dividends to the employees as remuneration and the actual amount of payment:

The Company's 2021 net profits before tax is NT\$482,915 thousand (net profits before tax refers to the amount before deducting the remuneration to employees and directors). Employee remuneration of NT\$14,487 thousand and director's remuneration of NT\$1,932 thousand are recognized based on the percentage provided in the Articles of Incorporation of the Company. Where there is difference between the actual distribution amount and the recognition amount in the next year, it shall be handled by the change in accounting estimate, and the difference shall be recognized as the 2022 profits or losses.

3. Remuneration distribution approved by the Board of Directors

(1) The amount of compensation for employees and directors distributed in cash or stocks

① Employee remuneration of NT\$14,487,447 are distributed in cash.

② Directors remuneration of NT\$1,931,660 are distributed in cash.

③ If there is a discrepancy from the annual estimated amount of recognized expenses, the number of discrepancies, reasons and handling circumstances shall be disclosed:

There is no discrepancy between the distributed amount

approved by the Board of Directors and the estimated amount of recognized expenses.

(2) The amount of employee bonuses distributed by stocks and its proportion to the total after-tax net profit and total employee bonuses in the individual financial reports for the current period: None.

2. Actual distribution of employee and director compensation in the previous year

(1) Employee remuneration of NT\$2,519,336 are distributed in cash.

(2) Directors remuneration of NT\$419,889 are distributed in cash.

(3) If there is a difference with the recognized amount of remuneration for employees and directors, the number of differences, the reasons and the handling circumstances should be stated:

The actually distributed amount of employee remuneration and director remuneration for the previous year agrees with the amount recognized on the consolidated financial statements for the same year.

(IX) Repurchases of shares by the Company:

Not applicable as the Company does not repurchase its shares.

II. Corporate bonds, preferred stock, overseas depositary receipts, employee stock options, restricted employee shares, and mergers and acquisitions (including mergers, acquisitions and spin-offs) and implementation of fund utilization plans: N/A.

## I. Business content:

## (I) Business Scope:

## 1. The main businesses of the Company are as follows:

## (1) Metal Industry Manufacturing Department:

1. Manufacturing, processing, trade, and export of various types of copper product including copper bullion, copper alloy plates, copper foil, copper pipe, copper cable, electrolytic copper, and copper wire.
2. Manufacturing, trade, and export of machinery in relation to the preceding paragraph.
3. The dismantling of various scrapped vessels and the trading of scrap copper and iron.

## (2) Electronics Industry Manufacturing Department:

1. Manufacturing, trade, and export of copper foil for printed circuit boards, integrated circuits, and lead frames for various types of circuits.
2. Manufacturing, trade, and export of copper-based electronic materials and raw materials.

## (3) Steel Industry Manufacturing Department:

1. Manufacturing, processing, trade, and export of various types of stainless steel plate, stainless steel pipes, and other stainless steel products.
2. Manufacturing, trade, and export of various types of steel plate and other steel products.

## (4) Construction Department:

1. Commission construction companies to build residential and commercial buildings for sale and lease.
2. Furniture manufacturing and trade.
3. House rental and sale introduction.
4. Sale of food, tobacco, and alcohol.
5. Acceptance of rezoning commissions. (with the exception of architectural commissions)
6. Operation of parking lots and supermarkets.
7. Design and construction of landscapes and gardens. (with the

- exceptions of construction and of architectural commissions)
8. Manufacture and sale of ready-mixed concrete.
  9. Manufacture and sale of cement products.
- (5) Trading and agency business for related imports and exports.
  - (6) Pre-agent import and export trade of various products.
  - (7) H703010 Factory Building Rental and Leasing.
  - (8) H703020 Warehouse Rental and Leasing.
  - (9) H703030 Office Building Rental and Leasing.
  - (10)ZZ99999 All business items that not prohibited or restricted by law, except those that are subject to special approval.
2. Operating profit contribution:
    - (1) Brass sheet 7%
    - (2) Copper sheet 19%
    - (3) High-performance copper sheet 32%
    - (4) Tin plated copper sheet 22%
    - (5) Others 20%
  3. Main products currently:
    - (1) Brass sheet.
    - (2) Red brass sheet.
    - (3) Copper sheet.
    - (4) Phosphor bronze sheet.
    - (5) High-performance copper sheet.
    - (6) Eco-tin plated copper sheet.
  4. New products planned for development and promotion:
    - (1) Development of materials for the etching manufacturing processing of semi-conductor.
    - (2) Research on the Corson alloy and develop the most stable manufacturing processing technology.
    - (3) Promote the high conductive and high strength CuCrZr alloy.
    - (4) Copper heat spreader for CPU and improve the refined surface manufacturing processing.
    - (5) Think copper plate for automotive and high power heat spreader.
    - (6) Promote the high-end automotive refusion electroplating.
    - (7) Promote the battery material for rechargeable wireless electric tools.

## (II) Industry Overview:

## 1. Current status and development of the industry

- (1) Current situation:
- ① Some of the copper plate factories in Europe start to merge and produce copper alloy products for electric vehicles.
  - ② Some items that were produced in Europe have been transferred to China, especially the automotive terminals. In addition, the demand from the domestic brands in China increases dramatically, which makes China the largest automotive connector production country in the world.
  - ③ Due to the China-US trade war, the market demand in Taiwan and Southeast Asia increases.
  - ④ Due to the rise of Chinese factories in the LED market, it has significantly impacted the LED industry chain in Taiwan.

## (2) Development: The room for development is as follows:

- ① As the expansion of 5G equipment continues, the demand for high conductive and high heat spreading is estimated to increase.
- ② The market for single lead frame and materials for IC etching continues to grow, the overall semi-conductor industry in 2020 grew steadily and expanded.
- ③ The demand on automotive and electric vehicle connector increases.
- ④ Electric vehicle batteries and relevant charging equipment.
- ⑤ The demand on rechargeable electric tools and home equipment increases in the home economics.

## 2. Relationships with upstream, middle-stream, and downstream companies

The raw materials of copper alloy are electrolytic copper plates, scrap wires, zinc, tin and nickel.

- (1) Upstream: Copper plate manufacturers: There are First Copper Technology Co., Ltd, MinChali, Tong Horng Metal, and Wan Yu.
- (2) Mid-stream: Precision stamping plants: such as I-Chiun, Jentech, ECE, SDI, KST, and Panahome.

- (3) Downstream: electronics, semi-conductor, automotive and home appliances industries: such as packaging plants, automotive parts assembly plants, electronic component assembly plants.

3. Product development trends and competition:

**Brass sheet:** It is commonly used on general products. The offshoring of industry and the decreasing market in Taiwan result in the price competition and low gross margin, the Company needs to develop the high-end products. However, the selection is limited, and the Company needs to develop secondary processing to maintain high gross margin.

**Copper sheet:** Copper sheet is mainly for electronic terminals, heat spreader, automotive terminals and transformer. Heat spreader and automotive terminals are high-end materials with less competitors.

**Phosphor bronze sheet:** Since the phosphor bronze sheet is low conductive and the raw material is expensive, the performance does not meet the requirement of new products. Thus, the demand is decreasing gradually.

**Lead frame copper sheet:** The demand on single lead frame for semi-conductor increases, and the LED application in civil lighting will continue to grow. There are two companies in Taiwan producing this product and there are many companies in China entering the market of this product, which result in the price competition and decrease in profits. Moreover, it is hard to enter the market in China.

**Tin plated copper sheet** The profits of automotive terminals are higher than electronic terminals. The market for automotive terminal is steadily increasing, so the market of this product is optimistic. However, there are already two companies producing this product. On top of that, copper plants in China also enter this market. The Company will encounter competition in the future.

**High-performance material:** Such as Corson alloy and CuCrZr alloy. The market for this material will continue. Furthermore, the demand of this material in lithium battery for electric vehicles and scooters and charging stations will increase dramatically.

## (III) Technology and R&amp;D Overview:

Research and development expenses and successfully developed technologies or products invested in the most recent year and as of the publication date of the annual report:

Unit: NTD thousand

Year	Research Expenses	Results
2021	1,634	<ol style="list-style-type: none"> <li>1. Develop C14415 high conducting material and introduce it to the vehicle electronic communication market.</li> <li>2. Promote and develop and research on no Hair Line high-end surface for the high terminal copper heat dissipation material.</li> <li>3. Develop C1814(OMCL1) high conductive and high strength alloy and enter the phase of mass production.</li> <li>4. Develop C19010 Corson alloy to supply the automotive terminal market.</li> <li>5. Develop and massively produce C50710/C50715 special alloy and enter the lithium battery and automotive terminal market.</li> <li>6. Research on the manufacturing processing of super thick copper heat dissipation material.</li> <li>7. Research on the improvement of the bending function of high-end tin brass C4250.</li> <li>8. Research on shortening the manufacturing processing of bright annealing and tempering of lead frame material.</li> <li>9. Research and develop etching materials made of high-performance copper alloy with low internal stress</li> </ol>
The current year up to the date of publication of the annual report	434	<ol style="list-style-type: none"> <li>1. innovation and upgrade of 20Hi rolling mill.</li> <li>2. Introduction of the slitting machine and acid rinse machine defect detectors.</li> <li>3. Modify the electrical control system of the continuous bright annealing.</li> <li>4. Upgrade the electrical control system of the S9 slitting machine.</li> </ol>

## (IV) Long-term and short-term business development plans:

1. Short-term business development plan
  - (1) High-end brass products and expansion of orders in the semi-conductor market. No longer promote the use in the general products.
  - (2) The plan of develop the automotive terminal at full strength remains unchanged, especially the special alloy is the main focus.
  - (3) The stable goal of the materials for semi-conductor and LED lighting is 500 tons, and the tin plated alloy shifts from brass to high-end alloy.
  - (4) Improve the quality of special alloy Corson sheet, improve the production yield, and gradually increase the sales amount.
  - (5) Improve the supply capacity of special alloy of CuCrZr sheet.
  - (6) Improve the quality and quantity of red copper heat sinks.
2. Long-term business development plan:
  - (1) Expand the market for copper-nickel-silicon alloy products and copper-chromium-zirconium alloys.
  - (2) Steadily supply the LED market and increase the material for etching processing for semi-conductors apart from the materials for stamping processing.
  - (3) Continue to supply tin plated cooper alloy for automotive and electric vehicles.
  - (4) Develop alloy materials for the lithium battery for vehicles and scooters.

## II. Overview of market and of production and sales:

## (I) Market analysis:

1. Sales areas of main products:
  - (1) Brass sheet: Taiwan, China, Southeast Asia.
  - (2) Copper sheet: Taiwan, China, Japan, Southeast Asia.
  - (3) Phosphor bronze: Southeast Asia.
  - (4) High-performance alloy: Taiwan, China, Southeast Asia.
  - (5) Tin plated copper sheet: Taiwan, China, Southeast Asia.
  - (6) Special alloy: Taiwan, China, Southeast Asia.
2. Market share and the future supply and demand and growth of the

market:

- (1) Market share: The sales amount of all alloys in Taiwan account for 30% of the market in Taiwan. High-end products: High performance and special alloy account for 60% of the market in Taiwan. Ratio of domestic sales and export: 61:39.
  - (2) Future supply and demand and growth of the market:
    - ①The demand on brass and phosphor bronze in Taiwan for general products decreases, so it is transferred to the market in the Southeast Asia.
    - ②The room of growth for high-performance, tin plated copper sheets and special alloy still exists. Especially for the electric vehicle components, automotive terminals, wireless rechargeable tools and 5G related products, the development of growth is likely to occur.
    - ③Despite the room for growth in the market in Taiwan is limited, the market is still growing thanks to the China-US trade war, return of overseas Taiwanese companies, order transfer effect under Covid-19 pandemic. The room for growth in China is still huge. For Southeast Asia, the growth is limited due to the tariff barrier regardless the support by the Southbound policy. It is relatively harder to enter the market in Japan and South Korea.
3. Competition niche and the advantages and disadvantages in the development and response measures:
- (1) Competition niche:
    - ①The Company has the professional technology in cooper sheets and has been in a long-term cooperation relationship with Mitsubishi Shindoh Co., Ltd. The manufacturing capacity has been recognized by customers.
    - ②The quality of production skill on the tin plated material for automotive connector is stable and recognized by Japanese car plants.
    - ③The exclusive products in Taiwan are Corson alloy and CuCrZr alloy.
    - ④Diversified products so that customers have more selections.

- ⑤The quality of material for semi-conductor is stable, so the Company receives most of the orders in Taiwan.
- (2) Development advantages:
- ①The manufacturing process of the materials for semi-conductor and LED is stable and mature, and the Company has sufficient production capacity that meets customer demand.
- ②The demand on tin plated material for automotive connector increases, and the Company has sufficient production capacity to meet the demand of the current phase.
- ③Improve the production yield and quality of high-end Corson alloy and high conductive and high strength CuCrZr alloy, continue to increase the supply amount.
- (3) Development disadvantages:
- ①Brass and phosphor bronze for general products has been replaced by the materials from China, and the order is hard to be recovered.
- ②The C19210 single material and C194 are used for low-end products with low technology threshold. It is hard to compete with the copper plants in China.
- ③Other companies in Taiwan start to increase the supply of materials for semi-conductor and tin plated materials. Chinese plants start to product tin plated materials this year. The Company will face the destructive competition and the decrease of gross margin.
- ④If Taiwan is unable to sign the tariff treaties with countries in Southeast Asia, Taiwanese firms will not be able to compete with other companies from South Korea, China, and Japan.
- ⑤If Taiwan allows the import of Chinese copper sheets in the future, Taiwanese companies will face greater challenges.
- ⑥Under the influence of labor regulations in Taiwan, the productivity of the Company decreases and the costs increase.
- (4) Response measures:
- ①Continue to develop new customers, especially overseas Japanese customers.
- ②Increase the market share of the high-end alloy products, such

as Corson and CuCrZr alloy.

③The factories continues to improve production yield and decrease costs to increase the competitiveness.

④Adjust the production capacity utilization rate with flexibility and focus on the production of alloys for high-end products.

(II) Important uses and production processes of main products

1. Important uses of main products:

- (1) Brass sheet---Various electronic product parts, secondary processing stamping materials, door lock materials, and terminals.
- (2) Copper sheet-- all kinds of electrical parts, automotive terminals, and heat spreader materials for CPUs.
- (3) Phosphor bronze sheet-- All kinds of electrical appliances and computer connector materials.
- (4) High-performance copper sheet-- diodes, transistors, integrated circuit tripods, LEDs, and electrical terminals.
- (5) Special alloy copper sheet-- all kinds of switches, relays, connectors and terminals, etc. and material of rechargeable battery.
- (6) Environmentally-friendly tinned copper sheet---automotive and electric vehicle connector, battery components, and electrical parts.

2. Production processes of main products:

Raw material⇒Melting⇒Hot press⇒Surface cutting⇒Rough press⇒Annealing⇒Surface grinding⇒Medium pressure ⇒⇒Annealing and acid rinse⇒Precision press⇒Slitting⇒Packaging⇒Finished product

(III) Supply conditions of primary raw materials:

1. Electrolytic copper plates: Imported from Japan, China, Indonesia, and countries in South America.
2. Scrap copper: Main suppliers are down stream customers, scrap material hardware merchants, and wire and cable manufacturers.
- 3.

(IV) List of main purchase and sales customers:

1. Manufacturers that have accounted for more than 10% of total purchases in any of the last two years

Unit: NTD thousand

Item	2021				2020				Year-to-date March 31, 2022 (Note 2)			
	Name	Amount	Percentage of total annual net purchases (%)	Item	Name	Amount	Percentage of total annual net purchases (%)	Item	Name	Amount	Percentage of total annual net purchases (%)	Item
1	PANPACIFIC COPPER CO., LTD.	1,121,811	37.30	None	PANPACIFIC COPPER CO., LTD.	706,510	38.20	None	PANPACIFIC COPPER CO., LTD.	219,244	36.85	None
2	AMALGAMET LIMITED	777,984	25.87	None	AMALGAMET LIMITED	327,200	17.69	None	AMALGAMET LIMITED	113,835	19.13	None
3	ASK RESOURCES LTD.	66,727	2.22	None	ASK RESOURCES LTD.	267,031	14.44	None	ASK RESOURCES LTD.	—	—	
4	Others	1,041,158	34.61	—	Others	548,550	29.67	—	Others	261,930	44.02	
	Net purchase amount	3,007,680	100.00		Net purchase amount	1,849,291	100.00		Net purchase amount	595,009	100.00	

Note 1: List names of suppliers accounting for more than 10% of total purchases in the last two years, and their purchase amounts and proportions. However, code names are permitted if disclosure of the customer name or transaction counterparty is not allowed due to contractual obligations or if the transaction counterparty is an individual and a non-related person.

Note 2: As of the publication of the annual report, for a company that is listed on an exchange or has its shares traded on an OTC market, disclosure should be made if financial statements are available for the most recent period that are certified or reviewed by a certified public accountant.

Reasons for increase or decrease: Lower the purchase cost to cope with volatile fluctuation in copper price worldwide.

2. Customers that have accounted for more than 10% of total sales in any of the last two years

Unit: NTD thousand

Item	2021				2020				Year-to-date March 31, 2022 (Note 2)			
	Name	Amount	Percentage of total annual net sales (%)	Relationship with issuer	Name	Amount	Percentage of total annual net sales (%)	Relationship with issuer	Name	Amount	As a percentage of net sales for the year ended the previous quarter %	Relationship with the Company
1	Customer A	326,378	10.14	None	Customer A	165,193	7.31	None	Customer A	75,896	9.74	None
2	Others	2,892,426	89.86	None	Others	2,095,403	92.69	None	Others	703,054	90.26	None
	Net sales amount	3,218,804	100.00		Net sales amount	2,260,596	100.00		Net sales amount	778,950	100.00	

Note 1: List names of customers accounting for more than 10% of total sales in the last two years, and their sales amounts and proportions. However, code names are permitted if disclosure of the customer name or transaction counterparty is not allowed due to contractual obligations or if the transaction counterparty is an individual and a non-related person.

Note 2: As of the publication of the annual report, for a company that is listed on an exchange or has its shares traded on an OTC market, disclosure should be made if financial statements are available for the most recent period that are certified or reviewed by a certified public accountant.

Reasons for increase or decrease: None.

## (V) Production value in the last two years:

Units: NTD thousand/ Tons

Year Production value Main products	2021			2020		
	Production capacity	Production quantity	Production capacity	Production quantity	Production capacity	Production quantity
Brass sheet	5,200	1,008	210,838	5,200	880	153,289
Copper sheet	4,500	2,214	636,460	4,500	2,110	460,895
High- performance copper sheet	7,400	3,549	898,712	7,700	2,412	550,784
Tin plated copper sheet	3,500	2,503	633,683	3,500	1,708	387,600
Others	6,200	4,084	530,787	6,500	3,924	504,745
Total	26,800	13,358	2,910,480	27,400	11,034	2,057,313

Note: Capacity refers to the volume that the Company can produce under normal operations using existing production equipment after taking necessary shutdowns, holidays, and other factors into account.

Note 2: If the production of each product is substitutable, the production capacity may be combined and an explanation shall be given.

## (VI) Sales volume in the last two years:

Units: NTD thousand/ Tons

Year	2021				2020			
	Domestic sales		Exports		Domestic sales		Exports	
Main products	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Brass sheet	491	112,465	476	108,041	543	98,054	309	55,882
Copper sheet	1,443	419,768	756	204,069	1,448	309,911	671	143,104
High- performance copper sheet	2,836	854,776	648	186,310	1,688	392,702	875	194,194
Tin plated copper sheet	555	149,876	1,855	554,539	417	92,332	1,257	305,698
Others	2,965	242,031	1,348	386,929	3,729	379,479	1,257	289,240
Total	8,290	1,778,916	5,083	1,439,888	7,825	1,272,478	4,369	988,118

## III. Employees Information:

Information of employees in the latest two years and as of the publication date of the annual report

Year		2021	2020	As of March 31, 2022
Number of employees	Management personnel	60	59	62
	Technical personnel	17	16	16
	Workers	169	175	170
	Total	246	250	248
Average age		45.43	45.27	45.53
Average years of service		13.73	13.21	13.86
Education distribution	Ph.D.	0	0	0
	Master's degree	7	8	7
	College and university	95	97	96
	High school	97	99	99
	Below high school	47	46	46

## IV. Environmental protection expenditure information:

(I) Total loss (including compensation) and fine amount from environmental pollution of the most recent fiscal year through the printing date of the annual report: NT\$300,000.

(II) Future countermeasures and possible expenditures:

1. Future countermeasures: Improve water consumption efficiency and reduce the output of waste water, gas and wastes.
2. Possible expenditures: Equipment for improving air pollution.

(III)RoHS information: The Company is in compliance with the RoHS regulations.

## V. Labor Relations:

(I) Various employee welfare measures, advanced education, training, retirement systems and their implementation status at the Company, as well as the agreements between labor and management and various employee rights

protection measures.

1. Major employee welfare measures are as follows:
  - (1) Apart from the labor insurance and national health insurance required by laws and regulations, the Company also insures employees with employer liability insurance, and employee business trip safety insurance.
  - (2) Provide uniform subsidy.
  - (3) Annual employee health examination.
  - (4) Year-end banquet and luck draw.
  - (5) The Company stipulates Regulations Governing Year-end Bonus Distribution and distributes employee remuneration.
  - (6) A trophy given to employees who retire because they have reached the retirement age.
  - (7) The Company establishes Employee Benefits Committee, a certain ratio of benefits is distributed from the sales income and sales of scraps for the benefit measures of employees.
    - a. Employee birthday cash gift.
    - b. Cash gifts for employees and their spouse for childbirth.
    - c. Cash gifts, wedding banners, and flower baskets for employees and their children who get married.
    - d. Condolence money, elegiac couplet, and flower baskets for employees, their spouse, and their children who passed away.
    - e. Employee educational training and children education scholarship.
    - f. Domestic and foreign company trip subsidy.
    - g. Recreation subsidy.
    - h. Employee meal group.
    - i. Signing corporate childcare contract with nearby kindergarten.
2. Staff training and continuing education:
  - (1) The Company prepares budgets for internal employee educational training, external educational training, and all types of educational trainings for the implementation of educational trainings of work skills and knowledge for employees.
  - (2) The 2021 educational training expenses of the Company is NT\$92,100. The training status of employees is as follows:

Course title	Course	Total number of individuals	Total training hours	Expense amount
Management	3	3	50	8,300
Professional courses	2	2	12	5,800
Environment, Safety, and Health	7	8	229	34,000
Radiation protection	9	22	129	44,000
Total	21	35	420	92,100

### 3. Retirement system

To help employees to work with relieve and guarantee the retirement lives, the Company stipulates Employees Retirement Regulation pursuant to the “Labor Standards Act (hereinafter referred to as “old labor retirement plan”)” and “Labor Pension Act (hereinafter referred to as “new labor retirement plan”)”. For employees selecting the old labor retirement plan, labor retirement reserve and pension funds are distributed based on a certain ratio of the monthly salary; for employees selecting the new labor retirement plan, the Company distributes no less than 6% of the monthly salary to the personal labor pension account of the employee on a monthly basis.

### 4. Other important agreements: None.

(II) List any losses suffered by the Company in the most recent fiscal years and up to the annual report publication date due to labor disputes, and disclosing an estimate of possible expenses that could be incurred currently and future, and measures being or to be taken: The Company has been excellent in benefits measures, management stipulation, and labor relation. There is no labor disputes and loss in the most recent fiscal years and up to the annual report publication date and it is expected to not have this type of disputes in the future.

(III) Protective measures for working environment and employees' personal safety:

The Company is in the traditional industry. The risks of high heat, noise and dusts exist in the working environment. The Company adopts engineering control and personal protection gears, implements health examination and management for employees on a regular basis. For employees performing works (high heat, noise and dusts) that may jeopardize their health, the Company arranges special health examination. Employees who have abnormal health examination results and are categorized as level 2,

the Company conducts evaluation and safety and health consultation.

1. Safety and health system and management measures are as follows:

(1) Introduce ISO 45001 certification and safety management:

The company implements the comprehensive safety and health management through a cycled mechanism of safety and health planning, implementation, inspection and improvement to establish a safe and healthy working environment.

(2) The establishment of safety and health, environmental management unit or personnel:

1) The Company establishes the Occupational Safety and Health Committee, in which the Foreman serves as the chair who summons meetings for discussion or stipulate safety and health management policy. In this Committee, labor members account for more than 1/3 of the total number of members to provide an official channel for the face-to-face discussion opportunity on the safety and health issue between the managers and employees.

2) There is a safety and health officer and safety and health manager in the safety and health management unit to implement the safety and health business, which is approved by the competent authority.

2. The environmental protection management measures are as follows:

(1) Introduce ISO 14001 certification management:

The Company has obtained the environment management system (ISO 14001) certification, and the registration number is:

UCS-E-13-010. The registration date: 2013.04.01; The date of certificate issuance: 2019.03.18; Effective date: 2022.03.25; Valid until: 2025.03.31. The Company also designates personnel to perform environmental protection management business.

(2) Promotion of environmental protection projects:

1) The Company has planned to replace old mercury lighting with LED lighting to reduce energy consumption and improve efficiency and achieve the goal of energy saving and carbon reduction. and planned to build a solar power generation system to reduce GHG emissions.

2) Stipulate Waste Management Regulations, which provide that the discarded cloth after wiping the machines should be placed in a plastic bag and stored in a 50 gallon barrel, which will be shipped out when cleaning the garbage, to prevent polluting the floor.

- 3) The greenhouse gas emission volume calculated by the factory (without examination by the external institution): 26,235.453 tons of CO<sub>2</sub>e/year in 2018, 24,276.118 tons of CO<sub>2</sub>e/year in 2019, and 23,110.969 tons of CO<sub>2</sub>e/year in 2020.
  - 4) Water consumption stood at 232,640 m<sup>3</sup> in 2019; 196,350 m<sup>3</sup> in 2020; and 201,180 m<sup>3</sup> in 2021 ; recycled water stood at 657,635 m<sup>3</sup> in 2019; 717,439m<sup>3</sup> in 2020; and 915,626m<sup>3</sup> in 2021. Total waste generated was 1,304.561 tons in 2019; 1,431.472 tons in 2020; and 1,240.856 tons in 2021.
3. Promote the afforestation in the plant:
- Coping with the environment improvement project of the plant, the Company promotes afforestation in the plant by planting trees, flowers and lawns. The area of green land is about 3.5 thousand square meters. The Company also continues to promote the afforestation for the square coping with other engineering projects.
4. Management on suppliers and contactors:
- The Company strives to become an excellent corporate civilian and fulfill the CSR. The Company not only commits to provide a safe working environment to the employees, but also works together with suppliers to improve the CSR. Therefore, the supplier management policy of the Company is to “require suppliers to comply with the related regulations on environmental protection, safety and health and fully understand and communicate with suppliers to encourage them to improve the environmental protection, safety and health performance.” In practice, the Company considers suppliers as its important partners and requires them to implement the safety protection in the working environment and enhance requirement on environmental protection in order to fulfill the CSR.
- Apart from the aforementioned points, the Company, based on the nature of the industry of the Company, also closely monitors the regulation risks and the following parts of suppliers to ensure the occupational safety of employees:
- (1) Define high-risk operations and perform restrictions.
  - (2) Require suppliers to provide certification of the professional personnel pursuant to laws and regulations.
- For the management on contractors, the Company summons the overseers of the construction projects and safety and health management personnel of contractors before the start of outsourcing projects for a project safety

meeting, in which the factory safety and health management affairs and notifications of the construction site are well informed and recorded in the meeting minutes.

5. Key works of safety and health management:
  - (1) Rules for Safety and Health Operation are amended on a regular basis pursuant to the amendments to the laws and regulations, stipulate the 6S management regulations that meet the demand of the plant and the safe operation standards for machinery equipment for employees to abide by.
  - (2) Machines and equipment: Daily, weekly, monthly, quarterly, 6-month and yearly auto inspections are performed based on demands and the inspection items of special machinery equipment. A regular inspection by the competent authority is carried out for the registered and monitored dangerous machine and equipment to ensure the operation safety of such machinery equipment.
  - (3) Working environment: The Company implements 6S environment improvement management to continue to improve employees' working environment. Employee working environment monitoring recording is carried out pursuant to laws and regulations for special working environment on a quarterly, 6-month and yearly basis.
  - (4) Educational training: New employees, rotational operation employee, machinery equipment operators, auto-inspection personnel, special operation personnel and supervisors are required to receive educational trainings and obtain related certifications.
  - (5) Health examination: Different health examinations are performed for new employees, special operation personnel and general employees pursuant to regulations to acknowledge their health status, which serves as the basis of work rotation and improvement on the working environment management.
  - (6) Fire safety: Pursuant to the Fire Service Act, the Company establishes comprehensive fire system to protect the safety of the plant and personnel and conduct inspection, report, fire training and emergency response drill pursuant to the laws and regulations.
6. Safety and environment management and performance evaluation measures:
  - (1) Regular inspection for hazardous machinery and equipment and work sites: All machinery and equipment are legally qualified through regular inspections. Operators have professional licenses and regularly take on-the-job training.
  - (2) Safety and health inspection: The headquarters formulates project

plans, conducts on-site inspections regarding safety, health, environmental protection and fire safety on a regular basis, makes sure that there are measures protecting the safety in the workplace and of our employees, and gives suitable advice on improvement, so as to offer a safe workplace to our employees.

7. Appointment of nurses and stationed doctors:
  - (1) Employee medical check-ups and medical examination data management.
  - (2) Free doctor consultation and nurses' health care
  - (3) Helping employees participate in health improvement programs.
  - (4) Dealing with incidents employees encounter and coordinate related matters.
  - (5) Providing information about prevalent diseases in the society and matters with respect to health maintenance to employees.

VI. Cyber Security Management:

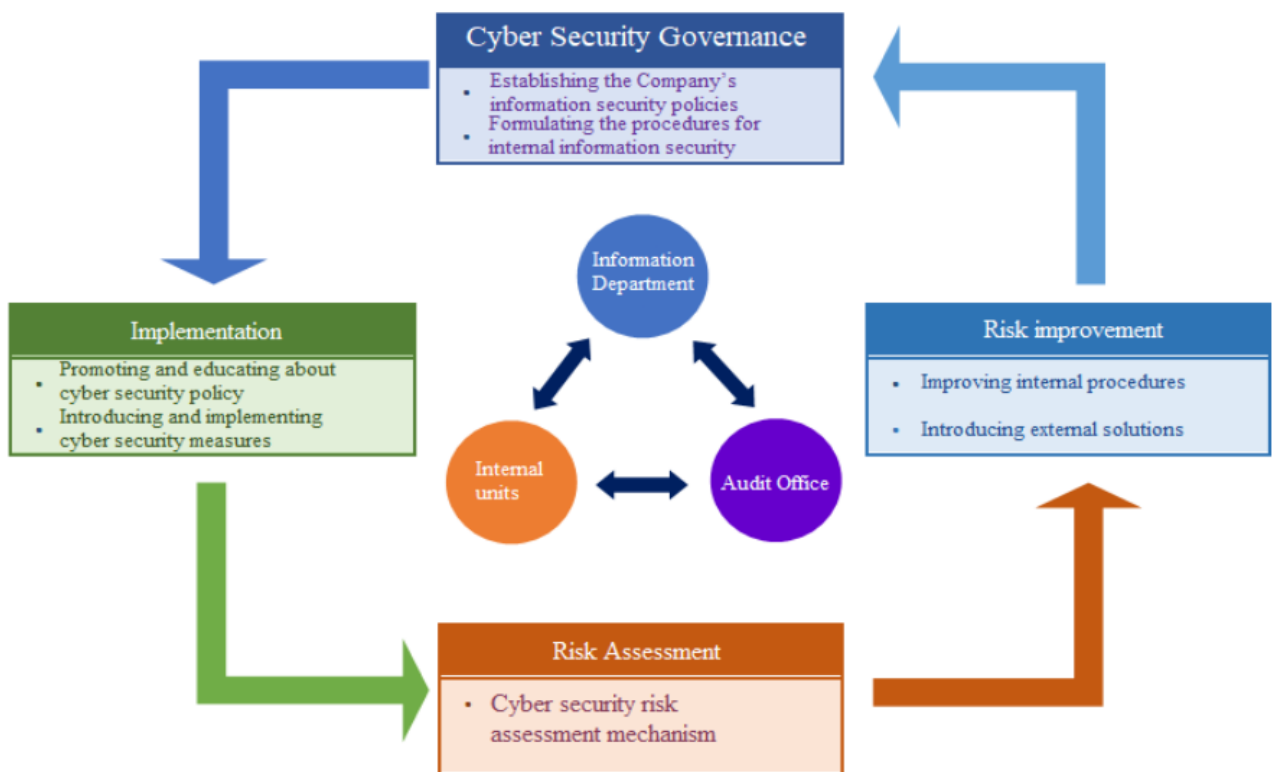
(1) Cyber Security Risk Management:

1. Cyber security risk management framework

The Company’s IT Department is responsible for its information security and takes charge of planning, implementing and promoting matters related to information security as well as increasing awareness for information security.

The Company’s Audit Office is the audit unit for information security control. If any shortcoming is found, the audited unit is required to propose the improvement plan and submit such a plan to the board of directors’ meeting. Subsequently, regular follow-up shall be made to further reduce the internal cyber security risk.

The organizational operation is managed with the PDCA method to ensure the achievement of reliability goal and continual improvement.



2. Cyber Security Policy

This policy is stipulated in an effort to carry out an effective information management system, and maintain the confidentiality, completeness and availability, so as to ensure the secure operation of information system and network and achieve the goal of sustainable management.

Complying with cyber security policy, regulating operational behaviors. Building cyber security equipment, implementing cyber security management.

Enhancing education and training, improving cyber security awareness.

Preparing for emergency, recovering rapidly from disasters  
 Promoting constant improvement, ensuring sustainable management.

3. Specific management program (same as those on the Company’s website)

Cyber Security Management Program		
Item	Description	Relevant measures
Privilege management	Management for personnel accounts and privileges and measures for system user behaviors	<ul style="list-style-type: none"> <li>•Management and approval for personnel account privilege management.</li> <li>•Regular stock-taking of personnel account privileges.</li> </ul>
Access Control	Control measures for channels of personnel accessing internal and external systems and transmitting data.	<ul style="list-style-type: none"> <li>•Control measures for internal and external accesses.</li> <li>•User behavior tracking record.</li> </ul>
External threats	Internal potential vulnerability, management and preventive measures for infections.	<ul style="list-style-type: none"> <li>•Host/Computer vulnerability assessment and update measures.</li> <li>•Antivirus and malware assessment.</li> </ul>
System availability	System availability status and processing measures for disrupted services.	<ul style="list-style-type: none"> <li>•Monitor and alert measures for system/network availability status.</li> <li>•Data backup measures, local/remote backup.</li> <li>•Regular disaster recovery drill.</li> </ul>

4. Resources investments of Cyber Security Policy

- (1) Manpower: Four members of the information office are jointly responsible for relevant information security.
- (2) Act: Review information security meetings and disaster drills regularly. Meanwhile, information equipment fire risk and related equipment backup maintenance are necessary as well as contract to ensure the stable operation of the system.
- (3) Budget: In terms of information equipment fire insurance costs and related equipment maintenance contracts, there is about 750,000 TWD in 2021 years.

(II) Losses, possible impacts and countermeasures of major information security incidents:

There was no loss due to major information security incidents during the most recent fiscal year or during the current fiscal year up to the annual report publication date.

VII. Important contracts: For contracts that are still valid as of the printing date of the annual report or expired in the most recent year, list the parties to supply and marketing contracts, technical cooperation contracts, engineering contracts, long-term loan contracts, and other important contracts that are sufficient to affect shareholders' rights and interests. Also give the beginning and ending dates of the contracts, the main content, and restrictive clauses.

Contract nature	Contractual parties	Contract start and end date	Main content	Restrictive clauses
			None	

- I. Give the condensed balance sheets and comprehensive income statements for the most recent five years, and indicate the accountant's name and audit opinions.

(1) Condensed balance sheet and comprehensive income statement

Condensed Balance Sheet-International Financial Reporting Standards

Unit: NTD thousand

Item	Year	Financial data for the most recent five years					From the current year through Financial information from the current year through March 31, 2022 (Note 3)
		2021	2020	2019	2018	2017	
Current assets		2,336,960	1,854,780	1,990,131	2,071,640	2,387,590	2,349,545
Property, plant and equipment		1,067,173	1,027,148	871,860	863,399	905,285	1,056,152
Intangible assets		—	—	—	—	9	—
Other assets		4,883,726	3,156,483	2,433,661	2,216,718	2,737,388	4,968,464
Total assets		8,287,859	6,038,411	5,295,652	5,151,757	6,030,272	8,374,161
Current liabilities	Before distribution	1,568,857	1,223,804	1,345,106	1,242,361	1,671,040	1,570,741
	After distribution	Note 4	1,511,502	1,345,106	1,242,361	1,671,040	—
Non-current liabilities		274,958	265,888	272,975	283,339	283,008	267,047
Total liabilities	Before distribution	1,843,815	1,489,692	1,618,081	1,525,700	1,954,048	1,837,788
	After distribution	Note 4	1,777,390	1,618,081	1,525,700	1,954,048	—
Equities attributed to stockholders of the Company		6,444,044	4,548,719	3,677,571	3,626,057	4,076,224	6,536,373
Capital stock		3,596,222	3,596,222	3,596,222	3,596,222	3,596,222	3,596,222
Additional paid in capital		—	—	—	—	—	—
Retained earnings	Before distribution	673,028	550,543	464,363	568,620	470,667	681,935
	After distribution	Note 4	262,845	464,363	568,620	470,667	—
Other equities		2,174,794	401,954	(383,014)	(538,785)	9,335	2,258,216
Treasury stock		—	—	—	—	—	—
Non-controlling equities		—	—	—	—	—	—
Total equities	Before distribution	6,444,044	4,548,719	3,677,571	3,626,057	4,076,224	6,536,373
	After distribution	Note 4	4,261,021	3,677,571	3,626,057	4,076,224	—

\*Where the Company prepares the individual financial report, the condensed balance sheets and statements of comprehensive income for the past 5 fiscal years should also be prepared.

\*Where the Company has prepared the financial statement in accordance with the International Financial Reporting Standards for less than 5 fiscal years, the Company shall prepare another financial statement in accordance with domestic Enterprise financial account standards.

Note 1: Years that are not certified or reviewed by a certified public accountant must be specified.

Note 2: Where the asset revaluation is conducted in the current fiscal year, the date of asset revaluation and the revaluated increase amount shall be specified.

Note 3: Before the date of publication of the annual report, for a company that is listed on an exchange or has its shares traded on an OTC market, disclosure should be carried out if financial statements are available for the most recent period that are certified or reviewed by a certified public accountant. (The financial data as of March 31, 2022 has been certified by CPAs)

Note 4: The aforementioned distribution amount shall be filled in based on the resolution by the Board of Directors or Shareholders' Meeting of the next year. (The 2021 earnings distribution approved by the Board of Directors has not yet been passed by the 2022 Shareholders' Meeting)

Note 5: Where the competent authority notifies that the financial data should be self corrected or re-prepared, the Company shall fill in the corrected or re-prepared number and shall specify the status and reason.

Condensed Comprehensive Income Statement-International Financial  
Reporting Standards

Unit: NTD thousand

Item \ Year	Financial data for the most recent five years					Financial information from the current year through March 31, 2022 (Note 2)
	2021	2020	2019	2018	2017	
Operating income	3,218,804	2,260,596	2,544,943	3,108,695	3,049,654	778,950
Operating gross profit (loss)	322,313	(21,161)	(91,607)	43,966	224,405	37,907
Operating net profit (loss)	256,413	(75,903)	(145,145)	(12,073)	168,027	23,359
Non-operating income and expenses	210,083	156,942	45,333	87,352	135,867	(14,452)
Net profit (loss) before tax	466,496	81,039	(99,812)	75,279	303,894	8,907
Net profit (loss) of the current period from continuing operations	422,675	79,210	(99,342)	85,258	269,876	8,907
Loss from discontinuing operation	—	—	—	—	—	—
Net profit (loss) of the current period	422,675	79,210	(99,342)	85,258	269,876	8,907
Other comprehensive income (net income after tax) of the current period	1,760,348	791,938	150,856	(535,425)	641,102	83,422
Total comprehensive income of the current period	2,183,023	871,148	51,514	(450,167)	910,978	92,329
Net profits attributed to stockholders of the Company	422,675	79,210	(99,342)	85,258	269,876	8,907
Net profits attributed to the non-controlling equities	—	—	—	—	—	—
Total comprehensive income attributed to stockholders of the Company	2,183,023	871,148	51,514	(450,167)	910,978	92,329
Total comprehensive income attributed to the non-controlling equities	—	—	—	—	—	—
Earnings (losses) per share (NTD)	1.18	0.22	(0.28)	0.24	0.75	0.02

\*Where the Company prepares the individual financial report, the condensed balance sheets and statements of comprehensive income for the past 5 fiscal years should also be prepared.

\*Where the Company has prepared the financial statement in accordance with the International Financial Reporting Standards for less than 5 fiscal years, the Company shall prepare another financial statement in accordance with domestic Enterprise financial account standards.

Note 1: Years that are not certified or reviewed by a certified public accountant must be specified.

Note 2: Before the date of publication of the annual report, for a company that is listed on an exchange or has its shares traded on an OTC market, disclosure should be carried out if financial statements are available for the most recent period that are certified or reviewed by a certified public accountant. (The financial data as of March 31, 2022 has been certified by CPAs)

Note 3: The loss from discontinuing operation shall be display in the net amount after deducting the income tax.

Note 4: Where the competent authority notifies that the financial data should be self corrected or re-prepared, the Company shall fill in the corrected or re-prepared number and shall specify the status and reason.

## (2) CPA name and audit opinion for the most recent five years

Year	Accounting firm name	Certified public accountant	Audit opinion
2017	KPMG Taiwan	Yang Po-Jen, Hsu Chen-Lung	Unqualified opinion
2018	KPMG Taiwan	Yang Po-Jen, Hsu Chen-Lung	Unqualified opinion
2019	KPMG Taiwan	Yang Po-Jen, Hsu Chen-Lung	Unqualified opinion
2020	KPMG Taiwan	Yang Po-Jen, Hsu Chen-Lung	Unqualified opinion
2021	KPMG Taiwan	Yang Po-Jen, Hsu Chen-Lung	Unqualified opinion

## II. Financial analysis for the last five years

## Financial Analysis (International Financial Reporting Standards)

Analysis item (Note 3)		Financial analysis for the last five years					From the current year through March 31, 2022 (Note 2)
		2021	2020	2019	2018	2017	
Financial structure	Debt to total assets ratio (%)	22.24	24.67	30.55	29.61	32.40	21.94
	Long-term capital to property, plants and equipment ratio (%)	623.55	462.97	420.35	451.02	481.53	636.65
Solvency	Current ratio (%)	148.95	151.55	147.95	166.75	142.88	149.58
	Quick ratio (%)	37.47	39.49	55.74	56.14	42.78	27.05
	Interest coverage ratio (%)	5894.00	1067.55	(1128.75)	930.98	2775.59	522.73
Operating ability	Receivables turnover ratio (times)	12.97	13.63	13.38	12.78	12.48	10.77
	Average collection days	28.14	26.77	27.27	28.56	29.24	33.89
	Average inventory turnover (times)	1.91	1.80	1.99	2.00	1.92	1.64
	Payables turnover ratio (times)	24.15	22.60	22.81	22.90	23.39	17.45
	Average inventory turnover days	191.09	202.77	183.41	182.50	190.10	222.56
	Property, plant and equipment turnover ratio (times)	3.04	2.28	2.81	3.50	3.31	2.90
	Total assets turnover (times)	0.44	0.39	0.48	0.55	0.54	0.37
Profitability	Return on assets (%)	5.97	1.50	(1.77)	1.65	5.00	0.12
	Return on equity (%)	7.69	1.92	(2.72)	2.21	7.45	0.13
	Pre-tax income to paid-in capital ratio (%)	12.97	2.25	(2.77)	2.09	8.45	0.24
	Net profit margin (%)	13.13	3.50	(3.90)	2.74	8.84	1.14
	Earnings (losses) per share (NTD)	1.18	0.22	(0.28)	0.24	0.75	0.02
Cash flows	Cash flows ratio (%)	3.68	1.19	4.95	44.70	—	—
	Cash flow adequacy ratio (%)	43.12	71.52	106.44	63.28	44.37	5.27
	Cash flow reinvestment ratio	—	0.17	0.90	7.58	—	—
Leverage	Operation leverage	6.19	(16.81)	(9.12)	(146.79)	8.18	0.36
	Financial leverage	1.02	0.90	0.94	0.57	1.07	1.09

Please specify the reasons for the changes in the financial ratios for the most recent two years (This section need not be filled in if the change is within 20%)

1. Change in capital structure: mainly due to the increase in operating profits and increase in

recognized unrealized gains of financial assets, which caused equity to increase.

2. Change in solvency: mainly due to the increase in operating revenue this year, which caused the interest protection multiples to increase.
3. Change in operating performance: mainly due to the increase of average copper price worldwide and increase in sales, which caused the operating revenue to grow.
4. Change in profitability: mainly due to the increase in operating revenue this year.
5. Change in cash flow: mainly due to increase in net cash flow from operating activities, in addition to the increase in inventory and cash dividends distributed over the past five years.
6. Change in leverage: mainly due to the increase in operating revenue and net operating profits this year.

\*Where the Company prepares individual financial reports, the Company shall also prepare the individual financial ratio analysis.

\*Where the Company has prepared the financial statement in accordance with the International Financial Reporting Standards for less than 5 fiscal years, the Company shall prepare another financial statement in accordance with domestic Enterprise financial account standards.

Note 1: Years that are not certified or reviewed by a certified public accountant must be specified.

Note 2: Before the date of publication of the annual report, for a company that is listed on an exchange or has its shares traded on an OTC market, disclosure should be carried out if financial statements are available for the most recent period that are certified or reviewed by a certified public accountant.

Note 3: The following calculation formula should be listed at the end of the annual report form:

1. Financial structure

(1) Liabilities to assets ratio = total liabilities/total assets.

(2) The ratio of long-term funds to property, plant, and equipment = (total equity + non-current liabilities) / net property, plant, and equipment.

2. Solvency

(1) Current ratio = current assets/current liabilities.

(2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities.

(3) Interest coverage ratio = net profit before income tax and interest expense/interest expense in the current period.

3. Operating ability

(1) Receivables (including trade receivables and notes receivables from operation) turnover ratio = net sales amount / average receivables balance (including trade receivables and notes receivables from operation)

(2) Average cash collection days=365/receivable turnover rate.

(3) Inventory turnover rate = cost of goods sold / average inventory value.

(4) Payables (including trade payables and notes payables from operation) turnover ratio = costs of sales / average payables balance (including trade payables and notes payables from operation)

(5) Average sales days = 365 / inventory turnover rate.

(6) Turnover rate of property, plant, and equipment = net sales/average net property, plant, and equipment.

(7) Total asset turnover ratio = net sales/average total assets.

4. Profitability

(1) Return on assets = [(after-tax profit and loss + interest expense × (1-tax rate)]/average total assets.

(2) Return on equity = profit and loss after tax/average total equity.

(3) Net profit rate = after-tax profit and loss/net sales.

(4) Earnings per share = (profit and loss attributable to owners of the parent company-preferred share dividends) / weighted average number of issued shares. (Note 4)

5. Cash flows

- (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
- (2) Net cash flow ratio = net cash flow from operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividend)
- (3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital) (Note 5)

#### 6. Leverage

- (1) Operating leverage = (net operating revenue-variable operating costs and expenses) / business interests (Note 6).
- (2) Financial leverage = operating profit / (business profit-interest expense)

Note 4: In the aforementioned calculation formula for earnings per share, special attention should be paid in measuring the following items:

1. The weighted average number of common shares shall prevail, rather than the number of issued shares at the end of the year.
2. Those that have cash capital increase or treasury stock trading should consider their circulation period and calculate the weighted average number of shares.
3. Where there is capitalization of retained earnings or capitalization of capital reserves, when calculating the earnings per share for previous years and half-years it should be adjusted retrospectively according to the proportion of capital increase, regardless of the period of issuance of the capital increase.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividends for the current year (regardless of whether they are paid) shall be deducted from the net profit after tax or increase the net loss after tax.

If the preferred stock is non-cumulative, in the case of net profit after tax, the dividend of preferred stock shall be deducted from the net profit after tax; if it is a loss, no adjustment is necessary.

Note 5: When measuring cash flow analysis, special attention should be paid to the following items:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory is only included when the ending balance is greater than the beginning balance. If inventory decreases at the end of the year, it is calculated as zero.
4. Cash dividends include cash dividends for ordinary shares and preferred stock.
5. Gross property, plant and equipment refer to the total amount of property, plant and equipment before deduction of accumulated depreciation.

Note 6. The issuer should classify various operating costs and operating expenses as fixed and variable according to their nature. If estimates or subjective judgments are involved, attention should be paid to their rationality and consistency.

Note 7. If the Company's shares have no par value or a par value other than NTD 10, the calculation of the ratio of paid-in capital in the previous disclosure will be changed to the ratio of net value.

III. The Audit Committee review report of the most recent financial report

### Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, individual financial statements, and profit distribution proposal. The individual financial statements were audited by CPA Potree Yang and CPA Vincent Hsu from KPMG Taiwan and the audit report was issued accordingly. The above-mentioned business report, individual financial statements and profit distribution proposal have been reviewed by the Audit Committee and found to have no inconsistencies. These reports are to be submitted in accordance with the relevant provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Sincerely

2022 Shareholders' Meeting

First Copper Technology Co., Ltd.

Convener of Audit Committee: Hu Lee-Ren

March 21, 2022

- IV. The most recent annual financial reports: See pages 131~191 for details.
- V. Parent company only financial statement for the most recent fiscal year, certified by a CPA: None.
- VI. In the most recent year and as of the publication date of the annual report, if any financial difficulties occur among the Company and its affiliated companies, their effect on the Company's financial status should be specified: None.

I. Financial status:  
Comparative Analysis Table of Financial Status in the Last Two Years

Unit: NTD thousand

Item \ Year	Year		Difference	
	2021	2020	Amount	%
Current assets	2,336,960	1,854,780	482,180	26.00
Non-current financial assets at fair value through other comprehensive profit or loss	4,630,491	2,858,271	1,772,220	62.00
Investments accounted for using equity method	142	98	44	44.90
Property, plant and equipment	1,067,173	1,027,148	40,025	3.90
Balance of investment property	225,612	228,840	(3,228)	(1.41)
Other assets	27,481	69,274	(41,793)	(60.33)
Total assets	8,287,859	6,038,411	2,249,448	37.25
Current liabilities	1,568,857	1,223,804	345,053	28.20
Non-current liabilities	274,958	265,888	9,070	3.41
Total liabilities	1,843,815	1,489,692	354,123	23.77
Capital stock	3,596,222	3,596,222	—	—
Retained earnings	673,028	550,543	122,485	22.25
Other equities	2,174,794	401,954	1,772,840	441.06
Total equities	6,444,044	4,548,719	1,895,325	41.67

Should specify the main reason and the influence caused by the significant changes in assets, liabilities, and shareholder's equity (where the change reaches 20% or more between the current and previous period and the change amount reaches NT\$10 million) and the future response plan.

## (I) Primary reasons for changes:

1. Increase in current assets : Mainly due to increase in copper price worldwide and early preparation for the volume production this year, which caused the inventory to increase.
2. Increase in financial assets measured at fair value through other comprehensive income - non-current: Mainly due to the increase in valuation gains from the fair value of financial assets recognized this year.
3. Decrease in other assets: Mainly due to the increase in operating profits this year, which caused the deferred income tax assets recognized for loss carryforwards to decrease.
4. Increase in total assets: mainly due to the increase in current assets and financial assets measured at fair value through other comprehensive income - non-current this year. Refer to 1. and 2.
5. Increase in current liabilities; Mainly due to increase in short-term borrowings this year.
6. Increase in total liabilities: Mainly due to increase in current liabilities this year. Refer

to 5.

7. Increase in retained earnings; Mainly due to increase in operating revenue this year.
8. Increase in other equities: Mainly due to the increase in valuation gains from the fair value of financial assets recognized this year.
9. Increase in total equity: Mainly due to the increase in retained earnings and other equity this year. Refer to 7. and 8.

(II) Impact: No significant impact on finance and business of the Company.

(III) Future response plan:

1. Prioritize the increase in production capacity for semi-conductor and LED materials to meet the demand of domestic customers.
2. Continue to promote the high conductive and high strength CuCrZr alloy.
3. In response to the development of automotive and electric vehicles, the company increases the supply of tin plated materials for automotive connectors and terminals and promotes the high-end alloy tin plated materials.
4. Promote Corson alloy for the materials of lithium battery for electric vehicles and electric tools.
5. Dispatch the raw material procurement, production and sales with flexibility, effectively control reasonable inventory, and reduce the risks from the changes in copper price and exchange rate.

## II. Financial performance:

### (I) Comparative analysis table of operating revenue, net operating profit and net profit before tax for the most recent two years

Unit: NTD thousand

Item \ Year	2021	2020	Increase (decrease) amount	Change %
Net operating income	3,218,804	2,260,596	958,208	42.39
Operating costs	2,896,491	2,281,757	614,734	26.94
Operating gross loss	322,313	(21,161)	343,474	1,623.15
Operating expenses	65,900	54,742	11,158	20.38
Net operating gain (loss)	256,413	(75,903)	332,316	437.82
Non-operating income and expenses	210,083	156,942	53,141	33.86
Net profit (loss) before tax	466,496	81,039	385,457	475.64
Income tax expenses (gains)	43,821	1,829	41,992	2,295.90
Net profit (loss) of the current period	422,675	79,210	343,465	433.61
Other comprehensive income (net income after tax)	1,760,348	791,938	968,410	122.28
Total comprehensive income of the current period	2,183,023	871,148	1,311,875	150.59

If operating revenue, operating profit, and pre-tax net profit increase/decrease ratio have changed by more than 20% in the most recent two years, the main reasons should be analyzed and explained and the possible impact on the Company's future financial business and corresponding plans given:

#### 1. Primary reasons for changes:

- (1) Increase in net operating revenue: Mainly due to the spike in copper price worldwide and the soaring demands for heat sinks, semiconductors, and electric cars this year, which caused the sales to increase and thus revenue to increase.
- (2) Increase in operating costs: Mainly due to increase in materials purchase cost as a result of soaring copper prices worldwide, and due to increase in cost of goods sold as a result of increase in sales.
- (3) Increase in gross profit: Refer to (II) Gross profit change analysis.
- (4) Increase in operating expenditures: Mainly due to the increase in provision of employee remuneration and director remuneration as a result of increase

in operating profits this year, and due to increase in customs charges as a result of growth in export.

- (5) Increase in net operating profits: Mainly due to increase in gross profit. Refer to (3).
  - (6) Increase in non-operating revenues: Mainly due to the increase in valuation gains from the fair value of financial assets recognized this year.
  - (7) Increase in profit before tax: Mainly due to increase in gross profit and non-operating revenue this year. Refer to (3.) and (6.)
  - (8) Increase in income tax expenses: Mainly due to increase in operating revenue this year.
  - (9) Increase in net profits for the period: Mainly due to increase in gross profit and operating revenue this year. Refer to (3.) and (6.)
  - (10) Increase in other comprehensive income (net after tax): Mainly due to the increase in valuation gains from the fair value of financial assets recognized this year.
  - (11) Increase in total profit or loss for the period: Mainly due to the increase in net profits for the period and other comprehensive income (net after tax). Refer to (9.) and (10.)
2. The main business contents of the Company remain unchanged.
  3. Expected sales volume and its basis, potential impact on the financial business of the Company in the future and response plan:
    - (1) Estimated sales amount: 14,820 tons/year.
    - (2) Sales estimation basis:
      - ① The market's demand for adopting eutectic solvent electroplating for automotive terminals and connectors will increase.
      - ② The volume of materials used for semiconductors and LED is stable.
      - ③ The materials used in vapor chambers and red copper terminals of electronic appliances can replace imported materials in terms of quality.
      - ④ The demand for high-end materials, especially for high-strength, high-conductivity materials, will grow in the future.
      - ⑤ Under the trend of stay-at-home economy, the demand for wireless charger will grow.
    - (3) Effect on the company's business and financial affairs; responsive measures :
      - ① The process that turns materials into semiconductors and LEDs is stable, and the production capacity is sufficient enough to meet domestic customers' demands. As such, we will produce more tin-plated materials for use in automotive terminals and connectors; promote high-end tin-plated alloys; continue to promote high-conductivity, high-strength copper-chromium-zirconium alloys; and continue to promote copper-tin-nickel alloys used in lithium battery pack of tool kits.
      - ② We will also enhance the integrated management of purchase, sale, and inventory; properly use the hedging mechanism to offset the risk of material price fluctuation so that we can lower the uncertainty in operations and maintain reasonable profits; transition to high-end

products; and upstaff production units, improve the equipment utilization rate, and improve quality stability so as to enhance our competitiveness.

(II) Analysis of changes in operating margin:

Unit: NTD thousand

	Changes between the previous and current period	Reasons for differences				
		Difference in sales price	Difference in cost price	Difference in sales mix	Difference in volume	Others
Operating margin	343,474	624,729	(247,778)	1,699	979	(36,155)

Increase in operating gross margin:

Due to the spike in copper price worldwide in the first quarter this year, product price also soared in tandem, producing a favorable selling price variance. However, the spike in copper price worldwide also pushed up our copper purchase costs, yielding an unfavorable cost variance. On the other hand, the increasing demands for heat sinks, semiconductors, electric cars, and battery-powered tool kits drove up our sales, producing a favorable variance in sales combination and quantity. Gross profit increased by NT\$343,474 YoY.

III. Cash flows:

Cash flow analysis

Unit: NTD thousand

Beginning cash balance	Annual net cash inflow from operating activities	Estimated annual cash inflow	Cash surplus (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
77,189	57,756	18,876	153,821	—	—

1. Analysis of the changes in cash flows for the current year:
  - (1) Operating activities: The cash inflow is mainly caused by receiving cash dividends of the current year.
  - (2) Investment activities: Mainly due to cash inflow from our disposal of financial assets measured at fair value through profit or loss this year.
  - (3) Financing activities: Mainly due to cash outflow as a result of cash dividends distribution this year.
2. Remedial measures and liquidity analysis for expected cash shortage: There is no cash shortage, so it is not applicable.

## 3. Analysis of cash liquidity in the coming year

Unit: NTD thousand

Beginning cash balance	Estimated from operating activities Estimated net cash inflow	Estimated annual cash outflow	Cash surplus (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
153,821	499,213	(523,312)	129,722	—	—

## (1) Analysis of cash flow status in the coming year:

- ① Operating activities: The cash inflow is mainly caused by the anticipated operating profits and decreasing inventory.
- ② Investment activities: The cash outflow is mainly caused by purchase of property, plant and equipment.
- ③ Financing activities: Mainly due to cash outflow as a result of cash dividends intended for distribution this year.

## (2) Remedial measures and liquidity analysis for expected cash shortage: Not applicable because there was no shortage of cash.

## IV. The impact of major capital expenditures in recent years on financial operations.

## (I) The use of major capital expenditures and sources of funds

Unit: NTD thousand

Plan item	Actual or anticipated Source of funds	Actual or expected completion date	Total funds required	Actual or scheduled use of funds						
				2020	2021	2022	2023	2024	2025	2026
Machinery equipment	Equity funds and borrowings	2020.12.31	161,496	161,496						
Machinery equipment	Equity funds and borrowings	2021.12.31	104,322		104,322					
Machinery equipment	Equity funds and borrowings	2023.12.31	259,015			151,293	107,722			

## (II) Expected benefits

1. Update the ignition control system of the AP2 continuous bright annealing furnace to facilitate the condition control for the thermal processing of special alloys and newly developed alloys, thereby improving the yield rate of special alloys.
2. Set up a photovoltaic system on our rooftop to generate green power; implement energy-conservation and carbon-reduction measures in our plant; and lend support to the green energy policy planning of the MOEA, so as to achieve operational sustainability.

## V. Reinvestment policy in the most recent year, main reasons for its profit or loss, improvement plan and investment plan for the next year:

Unit: NTD thousand

Description Item	Amount	Policy	Main reason for profit or loss	Improvement program	Other future investment plans
Hua Eng Wire & Cable Co., Ltd.	—	Stable operation	It is the parent company of the Company, and is mainly engaged in the processing, manufacturing, sales, and wiring of various wires, cables, and copper products. Due to the increase in both net operating profits and fair value valuation gains on recognized financial assets in 2021, net profits stood at NT\$1,388,143 thousand this year.	None	None

## VI. Risks:

- (I) The impact of interest rate, exchange rate changes, and inflation on the Company's profit and loss and future countermeasures:
1. The pandemic and its resulting chaos and shortage in the supply chain worldwide have prompted the Fed and the central bank of several major countries to tighten their monetary supply and raise their benchmark interest rate in order to contain inflation, pushing the world into a cycle of interest rate hike. The Company's interest rate risk mainly comes from the payment for materials purchase. We maintain a sound financial system and a good relationship with banks, helping us obtain a preferential rate. As such, we do not expect future interest rate changes to have a material influence on our overall operations.
  2. Since most of our raw materials are imported and denominated in USD, the Company's net foreign currency position is mainly USD liabilities. As the foreign exchange market fluctuates, the Company closely pays attention to the exchange rate trend and grasps market information to adjust our schedule of export negotiations in a timely manner. We also hedge exchange rate risks by using foreign currency accounts receivable financing or early purchasing forward exchange contracts. Exchange gains accounted for only 0.01% of operating revenue in 2021, holding little influence.
- (II) Policies for engagement in high risk and high leverage investment, loaning to a third party, guarantee/endorsement, and derivative trade, the main reason for profit or loss, and the response in the future:

1. The Company does not engage in high risk and high leverage investments.
2. The Company does not loan to a third party nor make guarantees/endorsement for others.
3. The Company engages in derivative trading mainly to hedge risks and lower costs. We do so in accordance with our “Regulations Governing the Acquisition and Disposal of Assets” for purposes rather than speculation.

(III) Future R&D plans and estimated R&D expenses:

Plan designation	Current progress of the plan	Expenses	Time	Primary success factors
Research etching materials featuring high performance and low internal stress.	1. Research on the manufacturing processing design 2. Sample trial production and sampling.	NT\$5 million	December 2022	Production process design and parameter control

(IV) The impact of important domestic and foreign policies and legal changes on the Company's financial business and corresponding measures:

Need to increase employees for production and need more funds for the finance.

(V) The impact of technological changes (including cyber securities) and industrial changes on the Company's financial business and corresponding measures: No impact.

1. Impact of cyber security on the company's business and financial affairs; responsive measures :

- (1) Impact: The Company's telecommunication network is mainly used for internal operational management and is not connected to external networks of the upstream and downstream supply chain. We equip our terminal equipment and servers within the Company with anti-virus software and our server room with an uninterrupted power supply system (UPS). We adopt the high availability (HA) framework for major servers and have concrete management measures in place, such as daily backup and off-site backup. We even execute a maintenance contract with cyber-security vendors, terminal product repair vendors, and information system integration vendors so that we can be instantly supported when a cyber-security issue is identified. Any connection and transition to specific external financial institution or supervisory agency is conducted using the protocol specified by the agency or institution in accordance with our approval procedures along the authorization hierarchy. In summary, cyber-security risk has only

mild influence on the Company's business and financial affairs.

- (2) Responsive measures: The various information security threats are hard to predict and their patterns are ever evolving. As such, the Company continuously monitoring threats through existing safeguard systems, implement information security management measures, and closely work with supporting service vendors so as to strengthen data safety protection technology.
- (VI) The impact of corporate image change on corporate crisis management and countermeasures: None.
- (VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures: The Company does not have merger nor acquisition plan.
- (VIII) Expected benefits and possible risks of plant expansion and countermeasures: The Company does not have the plant expansion plan.
- (IX) Risks and countermeasures faced by purchase or sales concentration:  
The Company purchase products from world-class suppliers with long-term relationships. In addition, the procurement is distributed. Excellent credibility allows the Company to acquire raw materials easily. As such, there is no risk for purchase.  
The sales of the Company are distributed in many areas. Apart from Taiwan, the sales area also includes China, Japan, countries in Southeast Asia and the United States. There is not risk of sales concentration.
- (X) Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken: There is no stake transferred or change for the major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent.
- (XI) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken: There is no stake transferred or change for the major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent, so the risk of change in governance personnel or top management is mild.
- (XII) Litigation or non-litigation events impacting the Company and its directors, supervisors, general managers, substantive persons in charge, major shareholders whose shareholding ratio exceeds 10%, and affiliated companies:  
1. Major litigation, non-litigation or administrative disputes that have been resolved or are still in process: None.  
2. The main parties involved, facts and handling circumstances: None.
- (XIII) Other important risks and countermeasures:

Explanation of information security risk assessment analysis:

1. Prevention on computer virus and malware

The Company establishes anti-virus software to scan computer system and data storage, automatically updates virus codes, and updates operation system and software patches to effectively block out virus and malware.

2. Computer media and data security

The reusable data storage media, the content is completely deleted when it is no longer in service; data is backed up on a regular basis, and the redundancy measures are adopted to ensure the security of important operation and management data of the Company. The Company also adopts protection measures when exchanging electronic data with other external units to prevent the data damage and authorized data saving and editing.

3. Network security

The Company implements the strictest identification operation and uses the firewall to record and control behaviors on the network. The highest authorization of the system will only be granted to the trustworthy personnel for management after the discreet evaluation. The network authorization for personnel leaving the Company or retires will be cancelled pursuant to the information security regulations and procedures. There is a backup host for the main host server of the network, so that the critical system operation will not be interrupted in the event that the main operation host is not functioning properly. The uninterrupted power system is adopted in the network hardware equipment to prevent the abnormal power shut down.

After inspecting the aforementioned critical items, the Company does not have the significant risk of information security.

VII. Other important matters: None.

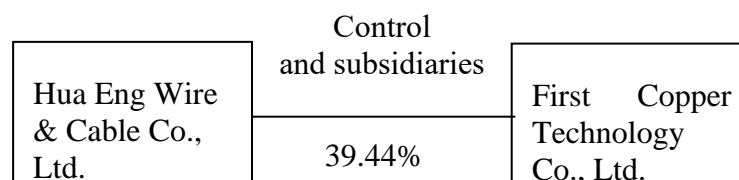
## I. Related information of affiliated companies:

## (I) Affiliated business merger report: None.

(According to Article 369-12 of the Company Act, subsidiary companies need not prepare an affiliated business merger report)

## Organization chart of affiliated companies

First Copper Technology Co., Ltd.  
Organization Chart of Affiliated Companies  
2021



## Remark: Control and subsidiary relationships

First Copper Technology Co., Ltd accepts Hua Eng Wire & Cable Co., Ltd.'s control of financial and business operations.

Hua Eng Wire & Cable Co., Ltd. is the controlling company, and First Copper Technology Co., Ltd. is a subsidiary company.

## (II) Consolidated financial statements of related companies: None.

## (III) Relationship report

## Statements

The Company's Affiliation Report for 2021 (January 1, 2021 - December 31, 2021) was prepared in the manner specified by the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises", and the information it disclosed was not significantly different from that disclosed by the notes to the financial statements for the same period.

Hereby Declared

Company name: First Copper Technology Co., Ltd.

Responsible person: Liu Chung-Jen

March 21, 2022

## CPA's Review Opinion of the Affiliation Report

Recipient: First Copper Technology Co., Ltd.

We, as the attesting CPAs, have reviewed the 2021 Affiliation Report of First Copper Technology Co., Ltd. In accordance with the requirements set out in the official letter titled Tai-Cai-Cheng (6) No.04448 issued by the former Securities and Futures Commission of the Ministry of Finance on November 30, 1999. This review work was mainly to issue a review opinion on whether the 2021 Affiliation Report of First Copper Technology Co., Ltd. was prepared in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, and whether the information it disclosed was significantly different from that disclosed by the notes to the financial statements for the same period that we had audited on March 21, 2022.

Based on our review, we did not find the preparation of the 2021 Affiliation Report of First Copper Technology Co., Ltd. in violation of the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, nor did we find the information it disclosed significantly different from that disclosed by the notes to the financial statements for the same period.

KPMG Taiwan

Certified public accountant: Yang Po-Jen

March 21, 2022

### 1. Overview of the relationship between the subsidiary company and the controlling company

December 31, 2021; Units: Shares, %

Name of controlling company	Reason for control	Shareholding and pledge status of the controlling company			Circumstances of the controlling company's assignment of personnel to serve as directors, supervisors, or managers	
		Number of shareholding	Percentage of shareholding	Number of pledged shares	Title	Name
Hua Eng Wire & Cable Co., Ltd.	Substantive control (The entity controls the Company's financial and personnel affairs, business, and operations.)	141,818,196	39.44%	—	Director	Liu Chung-Jen, Lin Min-Shiang

### 2. Intercompany transactions

#### (1) Purchase and sales transactions

The purchase and sales transactions between the company and the controlling company Hua Eng Wire & Cable Co., Ltd. are as follows:

Units: NTD Thousand: %

Transactions with controlling company				Trading terms with controlling company		General trading terms		Difference Cause	Accounts receivable (payable), bills		Overdue accounts receivable			Note
Goods purchased (sold)	Amount	Percentage of total purchases (sales)	Gross profit	Average unit price (NTD)	Credit period	Unit price (NTD)	Credit period		Balance	Percentage of total accounts and bills receivable (payable)	Amount	Action taken	Allowance for bad debts	
Sales revenue	8,071	0.25%	15.7% ~ 39.8%	340~525	1 month	No identical transaction terms are available for comparison.	1~3 months	—	—	—	None			
Purchase expenses	69,016	2.29%		219~265	1 month	No identical transaction terms are available for comparison.	1~3 months	—	(4,991)	(3.82)%				

(2) Property transactions: None.

(3) Financing: None.

(4) Asset leasing

Asset leasing between the Company and controlling company Hua Eng Wire & Cable Co., Ltd. is as follows:

Unit: NTD Thousand

Transaction type (Rental or lease)	Subject matter		Rental period	Nature of lease	Basis for rental decision	Collection (payment) method	Comparison with general rent levels	Total rent for the period	Current payment status	Other matters agreed to
	Designation	Location								
Lease	Office	Kaohsiung City 4F, No. 170. Chung Cheng 4th Rd.	2021.01.01 ~ 2021.12.31	Business lease	Negotiation Price	One payment per month	No significant difference	240	Normal	None

(5) Others

The Company signed the management service contract with Hua Eng Wire & Cable Co., Ltd., who provides services of computer, accounting, procurement, and general affairs. The contract period is one year (from 2021.01.01 to 2021.12.31). The Company paid the management service fee of NT\$19,200 thousand provided in the contract in 2021.

3. Endorsements / guarantees provided: None.

II. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report: None.

III. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report: None.

IV. Other necessary supplementary explanations: None.

Nine. In the most recent year and as of the printing date of the annual report, the occurrence of the matters that have a significant impact on shareholders' equity or securities prices as specified in Article 36 Paragraph 2, Item 2 of the Securities and Exchange Act: None.

## **Independent Auditors' Report**

To the Board of Directors FIRST COPPER TECHNOLOGY CO., LTD.

### **Opinion**

We have audited the financial statements of FIRST COPPER TECHNOLOGY CO., LTD. (“the Company”), which comprise the balance sheets as of December 31, 2021 and 2020, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we judged shall be presented in the financial report as follows:

#### **Valuation of inventory**

Please refer to Note 4(g) for significant accounting policies on inventories and Note 5 for significant accounting assumptions and judgment, and major sources of estimation uncertainty. Information regarding the inventory is shown in Note 6(f) of the financial statements.

Description of key audit matter:

The Company's inventories are copper products which are measured at the lower of cost and net realizable value. Since the selling price is affected by copper price which fluctuates wildly, the valuation of inventory is one of the key areas our audit focused on.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures include assessing the reasonableness of inventory valuation and obsolescence, and evaluating the assumptions made by the management; corroborating, on a sample basis, by testing the accuracy of inventory aging, examining their net realizable value to the recent sales records and making an analysis on the trend of international copper price fluctuations.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, 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 the Audit Committee) are responsible for overseeing the Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 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 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 Company's internal control.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on this financial statements. We are responsible for the direction, supervision and performance of the 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 the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Po Jen, Yang and Cheng Lung, Hsu.

KPMG

Taipei, Taiwan (Republic of China)

March 21, 2022

#### **Notes to Readers**

The accompanying financial statements are intended only to present the statement of financial position, financial performance and cash flows in accordance with the 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.

The independent auditors' audit report and the accompanying financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' audit report and financial statements, the Chinese version shall prevail.

(English Translation of Financial Statements Originally Issued in Chinese)  
**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Balance Sheets**  
**December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

		December 31, 2021		December 31, 2020							
		Amount	%	Amount	%						
<b>Assets</b>											
<b>Current assets:</b>											
1100	Cash and cash equivalents (note 6(a))	\$ 153,821	2	77,189	1	2150	Notes payable (note 6(o))	4,095	-	2,778	-
1110	Current financial assets at fair value through profit or loss (note 6(b))	83,067	1	220,944	4	2170	Accounts payable	121,695	1	95,603	2
1150	Notes receivable (note 6(d))	4,841	-	2,246	-	2180	Accounts payable to related parties (note 7)	4,991	-	10,921	-
1172	Accounts receivable (note 6(d))	313,958	4	174,500	3	2200	Other payables (note 6(o))	93,366	1	52,460	1
1180	Accounts receivable from related parties (notes 6(d) and 7)	-	-	471	-	2230	Current tax liabilities	6,831	-	-	-
1200	Other receivables (notes 6(d) and (e))	32,247	-	8,029	-	2300	Other current liabilities (note 6(m))	82,965	1	23,581	-
130X	Inventories (note 6(f))	1,717,097	21	1,298,992	22		<b>Total current liabilities</b>	<u>1,568,857</u>	<u>19</u>	<u>1,223,804</u>	<u>20</u>
1470	Other current assets (note 6(j))	31,929	-	72,409	1		<b>Non-Current liabilities:</b>				
	<b>Total current assets</b>	<u>2,336,960</u>	<u>28</u>	<u>1,854,780</u>	<u>31</u>	2570	Deferred tax liabilities (note 6(p))	264,866	3	265,888	4
	<b>Non-current assets:</b>					2640	Net defined benefit liability, non-current (note 6(o))	10,092	-	-	-
1517	Non-current financial assets at fair value through other comprehensive income(note 6(c))	4,630,491	56	2,858,271	47		<b>Total non-current liabilities</b>	<u>274,958</u>	<u>3</u>	<u>265,888</u>	<u>4</u>
1550	Investments accounted for using equity method (note 6(g))	142	-	98	-		<b>Total liabilities</b>	<u>1,843,815</u>	<u>22</u>	<u>1,489,692</u>	<u>24</u>
1600	Property, plant and equipment (note 6(h))	1,067,173	13	1,027,148	17		<b>Equity (note 6(q)):</b>				
1760	Investment property, net (notes 6(i) and (n))	225,612	3	228,840	4	3110	Ordinary share	3,596,222	44	3,596,222	60
1840	Deferred tax assets (note 6(p))	17,118	-	52,008	1	3300	Retained earnings:				
1915	Prepayments for equipment	10,356	-	12,788	-	3320	Special reserve	262,845	3	652,495	11
1920	Refundable deposits (note 6(e))	7	-	7	-	3350	Unappropriated retained earnings (Deficit yet to be compensated)	410,183	5	(101,952)	(2)
1975	Net defined benefit asset, non-current (note 6(o))	-	-	4,471	-			<u>673,028</u>	<u>8</u>	<u>550,543</u>	<u>9</u>
	<b>Total non-current assets</b>	<u>5,950,899</u>	<u>72</u>	<u>4,183,631</u>	<u>69</u>	3400	Other equity interest	2,174,794	26	401,954	7
							<b>Total equity</b>	<u>6,444,044</u>	<u>78</u>	<u>4,548,719</u>	<u>76</u>
	<b>Total assets</b>	<u>\$ 8,287,859</u>	<u>100</u>	<u>6,038,411</u>	<u>100</u>		<b>Total liabilities and equity</b>	<u>\$ 8,287,859</u>	<u>100</u>	<u>6,038,411</u>	<u>100</u>

		December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
<b>Liabilities and Equity</b>					
<b>Current liabilities:</b>					
2100	Short-term borrowings (note 6(k))	\$ 455,026	6	138,742	2
2110	Short-term notes and bills payable (note 6(l))	799,888	10	899,719	15

See accompanying notes to financial statements.

(English Translation of Financial Statements Originally Issued in Chinese)  
**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2021 and 2020**  
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings per share)

	2021		2020	
	Amount	%	Amount	%
4100 <b>Operating revenues (notes 6(s) and 7)</b>	\$ 3,218,804	100	2,260,596	100
5000 <b>Operating costs (notes 6(f), (o), (t),7 and 12)</b>	2,896,491	90	2,281,757	101
5900 <b>Gross profit (loss)</b>	322,313	10	(21,161)	(1)
6000 <b>Operating expenses (notes 6(o), (t), 7 and 12)</b>	65,900	2	54,742	2
6900 <b>Operating profit (loss)</b>	256,413	8	(75,903)	(3)
7000 <b>Non-operating income and expenses (notes 6(n) and (u)):</b>				
7100 Interest income	18	-	32	-
7010 Other income	165,083	5	158,298	7
7020 Other gains and losses, net	51,552	2	6,382	-
7050 Finance costs	(6,616)	-	(7,771)	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(g))	46	-	1	-
	210,083	7	156,942	7
7900 <b>Profit before income tax</b>	466,496	15	81,039	4
7950 Less: Income tax expenses (note 6(p))	43,821	1	1,829	-
8200 <b>Profit</b>	422,675	14	79,210	4
8300 <b>Other comprehensive income (loss):</b>				
8310 <b>Item that may not be reclassified subsequently to profit or loss</b>				
8311 Remeasurements of defined benefit plans	(15,612)	-	8,712	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income (note 6(q))	1,772,840	55	784,968	35
8320 Share of other comprehensive income of associates and joint ventures accounted for using equity method, which will not be reclassified to profit or loss	(2)	-	-	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (note 6(p))	-	-	1,742	-
	(3,122)			
	1,760,348	55	791,938	35
8300 <b>Other comprehensive income (after tax)</b>	1,760,348	55	791,938	35
8500 <b>Comprehensive income</b>	<u>\$ 2,183,023</u>	<u>69</u>	<u>871,148</u>	<u>39</u>
	<b>Earnings per share (note 6(r)):</b>			
9750 <b>Basic earnings per share (in New Taiwan Dollars)</b>	<u>\$ 1.18</u>		<u>0.22</u>	
9850 <b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ 1.17</u>		<u>0.22</u>	

(English Translation of Financial Statements Originally Issued in Chinese)  
**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Retained earnings			Other equity	Total equity
	Ordinary shares	Special reserve	Unappropriated retained earnings (Deficit yet to be compensated)	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	
<b>Balance at January 1, 2020</b>	\$ 3,596,222	652,495	(188,132)	(383,014)	3,677,571
Profit for the year ended December 31,2020	-	-	79,210	-	79,210
Other comprehensive income for the year ended December 31,2020	-	-	6,970	784,968	791,938
Total comprehensive income for the year ended December 31,2020	-	-	86,180	784,968	871,148
<b>Balance at December 31, 2020</b>	<b>3,596,222</b>	<b>652,495</b>	<b>(101,952)</b>	<b>401,954</b>	<b>4,548,719</b>
Profit for the year ended December 31,2021	-	-	422,675	-	422,675
Other comprehensive income for the year ended December 31,2021	-	-	(12,492)	1,772,840	1,760,348
Total comprehensive income for the year ended December 31,2021	-	-	410,183	1,772,840	2,183,023
Appropriation and distribution of retained earnings:					
Reversal of special reserve	-	(389,650)	389,650	-	-
Cash dividends of ordinary share	-	-	(287,698)	-	(287,698)
<b>Balance at December 31, 2021</b>	<b>\$ 3,596,222</b>	<b>262,845</b>	<b>410,183</b>	<b>2,174,794</b>	<b>6,444,044</b>

(English Translation of Financial Statements Originally Issued in Chinese)  
**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	2021	2020
<b>Cash flows from operating activities:</b>		
Profit before tax	\$ 466,496	81,039
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	69,950	64,851
Net gain on financial assets at fair value through profit or loss	(57,385)	(9,944)
Interest expense	6,616	7,771
Interest income	(18)	(32)
Dividend income	(145,995)	(143,653)
Share of profit of associates and joint ventures accounted for using equity method	(46)	(1)
Gain on disposal of property, plant and equipment	(1,762)	(394)
Gain on disposal of available-for-sale financial assets	668	-
<b>Total adjustments to reconcile loss</b>	<u>(127,972)</u>	<u>(81,402)</u>
<b>Changes in operating assets and liabilities:</b>		
<b>Net changes in operating assets:</b>		
Decrease (increase) in notes receivable	(2,595)	84
Increase in accounts receivable	(139,458)	(22,442)
Decrease (increase) in accounts receivable from related parties	471	(371)
Decrease (increase) in other receivables	(24,222)	1,597
Increase in inventories	(418,105)	(67,221)
Decrease (increase) in other current assets	40,480	(63,892)
<b>Net changes in operating assets</b>	<u>(543,429)</u>	<u>(152,245)</u>
<b>Net changes in operating liabilities:</b>		
Increase (decrease) in notes payable	1,317	(207)
Increase in accounts payable	26,092	8,806
Increase (decrease) in accounts payable to related parties	(5,930)	5,537
Increase in other payable	39,495	5,603
Increase in other current liabilities	59,384	9,582
Decrease in net defined benefit liability	(1,049)	(3,421)
<b>Net changes in operating liabilities</b>	<u>119,309</u>	<u>25,900</u>
<b>Net changes in operating assets and liabilities</b>	<u>(424,120)</u>	<u>(126,345)</u>
<b>Total adjustments</b>	<u>(552,092)</u>	<u>(207,747)</u>
Cash outflow generated from operations	(85,596)	(126,708)
Interest received	18	28
Dividends received	145,995	143,653
Interest paid	(2,665)	(2,338)
Income taxes refund	4	-
<b>Net cash flows from operating activities</b>	<u>57,756</u>	<u>14,635</u>
<b>Cash flows used in investing activities:</b>		
proceeds from liquidation in equity investment	620	-
Proceeds from capital reduction of equity instrument at fair value through other comprehensive income	-	5,180
Proceeds from disposal of financial assets at fair value through profit or loss	194,594	-
Acquisition of property, plant and equipment	(104,322)	(161,496)
Proceeds from disposal of property, plant and equipment	1,829	394
Increase in refundable deposits	-	(1)
<b>Net cash flows from (used in) investing activities</b>	<u>92,721</u>	<u>(155,923)</u>
<b>Cash flows from (used in) financing activities:</b>		
Increase (decrease) in short-term borrowings	316,284	(249,658)
Increase (decrease) in short-term notes and bills payable	(103,685)	94,482
Decrease in guarantee deposits received	-	(1,080)
Cash dividends paid	(286,444)	-
<b>Net cash flows used in financing activities</b>	<u>(73,845)</u>	<u>(156,256)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>76,632</u>	<u>(297,544)</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>77,189</u>	<u>374,733</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 153,821</u>	<u>77,189</u>

(English Translation of Financial Statements Originally Issued in Chinese)  
**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**  
**For the years ended December 31, 2021 and 2020**  
(Expressed in Thousands of New Taiwan Dollars, unless otherwise specified)

**(1) Company history:**

First Copper Technology Co., Ltd. (the Company) was incorporated on July 8, 1969. The Company's registered address is 4F, No. 170, Chung Cheng 4th Road, Kaohsiung, Taiwan. The Company is engaged in the manufacture and sale of copper wire and copper plate, and the processing of scrap iron and copper. The Company's common shares were listed on the Taiwan Stock Exchange (TWSE).

The Company's parent company is Hua Eng Wire & Cable Co., Ltd.

**(2) Approval date and procedures of the financial statements:**

The financial statements were authorized for issue by the Board of Directors on March 21, 2022.

**(3) New standards, amendments and interpretations adopted:**

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. (“FSC”) which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2021:

- Amendments to IFRS 4 “Extension of the Temporary Exemption from Applying IFRS 9”
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform—Phase 2”
- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2022, would not have a significant impact on its financial statements:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

The actual impacts of adoption the standards may change depending on the economic conditions and events which may occur in the future.

- (c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The following new and amended standards, which may be relevant to the Company, have been issued by the International Accounting Standards Board (IASB), but have not yet to be endorsed by the FSC:

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

Standards or Interpretations	Content of amendment	Effective date per IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	<p>The key amendments to IAS 1 include:</p> <ul style="list-style-type: none"> <li>● requiring companies to disclose their material accounting policies rather than their significant accounting policies;</li> <li>● clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and</li> <li>● clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company’s financial statements.</li> </ul>	January 1, 2023

The Company is evaluating the impact of its initial adoption of the abovementioned standards or interpretations on its financial position and financial performance. The results thereof will be disclosed when the Company completes its evaluation.

The Company does not expect the following other new and amended standards, which have not yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

#### (4) Summary of significant accounting policies:

The significant accounting policies presented in the financial statements are summarized as follows. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the financial statements.

##### (a) Statement of compliance

These financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to as the IFRSs endorsed by the FSC).

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on the historical cost basis:

- 1) Financial assets at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are recognized as the present value of the defined benefit obligation less the fair value of pension fund assets and the re-measurement of the effect of the asset ceiling as stated in note 4(o).

(ii) Functional and presentation currency

The functional currency of entity is determined based on the primary economic environment in which the entity operates.

The financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan Dollars has been rounded to the nearest thousand.

(c) Foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of the Company at exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of translation.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (i) an investment in equity securities designated as at fair value through other comprehensive income;
- (ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (iii) qualifying cash flow hedges to the extent that the hedges are effective.

(d) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

## **FIRST COPPER TECHNOLOGY CO., LTD.**

### **Notes to the Financial Statements**

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) It does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and which are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes are recognized as cash equivalents.

(f) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date or settlement date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL :

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI )

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

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

Some accounts receivables are held within a business model whose objective is achieved by both collecting contractual cash flows and selling by the Company, therefore, those receivables are measured at FVOCI and presented as accounts receivable.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established, which is normally the ex-dividend date.

#### 3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

#### 4) Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes :

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the management's strategy focuses on earning contractual cash flows, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows, or realizing cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered as sales for this purpose, and are consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

- 5) Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial assets on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows, such that it would not meet this condition. In making this assessment, the Company considers :

- contingent events that would change the amount or timing of cash flows ;
- terms that may adjust the contractual coupon rate, including variable rate features ;
- prepayment and extension features ; and
- terms that limit the Company’s claim to cash flows from specified assets (e.g. non-recourse features).

- 6) Impairment of financial assets

The Company recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables and guarantee deposit paid), debt investments measured at FVOCI and contract assets.

The Company measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank deposit for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

The Company considers its financial instrument to have low credit risk when it is in low default risk, and the debtor has strong ability to perform contractual obligations to the current cash flow if adverse change in economic and business conditions may (not necessarily) reduce the debtor's ability to perform its obligations to the cash flow over a longer period of time.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company’s historical experience and informed credit assessment as well as forward-looking information.

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### **Notes to the Financial Statements**

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when the financial asset is more than 180 days past due or the debtor is unlikely to pay its credit obligations to the Company in full.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECL are the portion of ECL that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

ECL are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instrument at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial assets is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer ;
- a breach of contract such as a default or being more than 180 days past due ;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ;  
or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off.

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### **Notes to the Financial Statements**

However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

#### 7) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

#### (ii) Financial liabilities and equity instruments

##### 1) Classification of debt or equity

Debt and equity instruments issued by the Company are classified as financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### 2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

##### 3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

##### 4) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

#### 5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### (g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average costing principle and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

#### (h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over the financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Unrealized gains and losses resulting from the transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

#### (i) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for use in the production or supply of goods or services, or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at cost, less accumulated depreciation and accumulated impairment

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losses. Depreciation expense is calculated based on the depreciation method, useful life, and residual value which are the same as those adopted for property, plant and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as other revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

1)	Buildings	2 to 50	years
2)	Machinery and equipment	1 to 25	years
3)	Other equipment	2 to 10	years

Depreciation methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(iv) Reclassification to investment property

A property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

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### Notes to the Financial Statements

#### (k) Lease

##### (i) Identifying a lease

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### (ii) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise an extension or termination option; or

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### Notes to the Financial Statements

- there is any lease modification

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of balance sheets.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases of office space and parking space that have a lease term of 12 months or less and leases of low-value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

- (iii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of rental income.

- (l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying

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### Notes to the Financial Statements

amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

#### (m) Provisions

A provision is recognized if, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

#### (n) Revenue

##### (i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Company recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below.

##### 1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provision have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The Company grants its customers the right to return the product within a period. Therefore, the Company reduces revenue by the amount of expected returns and recognizes a refund liability and a right to the returned goods. Accumulated experience is used to estimate such returns at the time of sale in past. Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognized will not occur. At each reporting date, the Company reassesses the estimated amount of expected returns.

A receivable is recognized when the goods are delivered as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

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#### 2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

#### (ii) Contract costs

##### 1) Incremental costs of obtaining a contract

The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if the Company expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Company incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

The Company applies the practical expedient to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

##### 2) Costs to fulfil a contract

If the costs incurred in fulfilling a contract with a customer are not within the scope of another Standard (for example, IAS 2 Inventories, IAS 16 Property, Plant and Equipment or IAS 38 Intangible Assets), the Company recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the Company can specifically identify;
- the costs generate or enhance resources of the Company that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

General and administrative costs, costs of wasted materials, labor or other resources to fulfil the contract that were not reflected in the price of the contract, costs that relate to satisfied performance obligations (or partially satisfied performance obligations), and costs for which the Company cannot distinguish whether the costs relate to unsatisfied performance obligations or to satisfied performance obligations (or partially satisfied performance obligations), the Company recognizes these costs as expenses when incurred.

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### Notes to the Financial Statements

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

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### **Notes to the Financial Statements**

Current taxes comprise the expend tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) Temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes shall be measured at the tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - 1) the same taxable entity; or
  - 2) different taxable entities which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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### Notes to the Financial Statements

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to common shares holders of the Company. The basic earnings per share are calculated as the profit attributable to the common shareholders of the Company divided by the weighted-average number of common shares outstanding. The diluted earnings per share are calculated as the profit attributable to common shareholders of the Company divided by the weighted-average number of common shares outstanding after adjustment for the effects of all dilutive potential common shares, such as employee remuneration not yet resolved by the shareholders.

(r) Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Company). Operating results of the operating segment are regularly reviewed by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

**(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:**

The preparation of the financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. It recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

Valuation of inventories

Because the Company's selling price is affected by international copper price, there is an uncertainty risk on the estimation of inventories' net realizable value resulting from the copper price fluctuations. Please refer to note 6(f) for further description of the valuation of inventories.

The Company's accounting policies and disclosing include measuring financial and non-financial assets at fair value. The Company's financial instrument valuation group conducts independent verification on fair value by using data sources that are independent, reliable, and representative of exercise prices. This financial instrument valuation group also periodically adjusts valuation models, conducts back-testing, renews input data for valuation models, and makes all other necessary fair value adjustments to assure the rationality of fair value.

When measuring the fair value of an asset, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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### Notes to the Financial Statements

- (a) Level 1: quoted prices (unadjusted) in active markets for identified assets or liabilities.
- (b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- (c) Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

#### (6) Explanation of significant accounts:

- (a) Cash and cash equivalents

	December 31, 2021	December 31, 2020
Cash and cash on hand	\$ 111	128
Checking deposits and demand deposits	153,710	77,061
Cash and cash equivalents in the statement of cash flows	<b>\$ 153,821</b>	<b>77,189</b>

Please refer to note 6(v) for the exchange rate risk, sensitivity analysis and credit risk of the financial assets of the Company.

- (b) Financial assets at fair value through profit or loss

	December 31, 2021	December 31, 2020
Mandatorily measured at fair value through profit or loss:		
Non-derivative financial assets		
Stock listed on domestic markets	<b>\$ 83,067</b>	<b>220,944</b>

For the net gain or loss on financial assets at FVTPL, please refer to note 6(u).

- (c) Financial assets at fair value through other comprehensive income

	December 31, 2021	December 31, 2020
Equity investments at fair value through other comprehensive income:		
Listed common shares – Hua Eng Wire & Cable Co., Ltd.	\$ 4,630,117	2,857,324
Liquidation receivables of Global Corporation	374	947
Total	<b>\$ 4,630,491</b>	<b>2,858,271</b>

The Company designated its equity investments shown above as at fair value through other comprehensive income because these equity investments that the Company intend to hold for long-term strategic purposes.

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### Notes to the Financial Statements

During the years ended December 31, 2021 and 2020, the dividend income of \$145,995 and \$139,192, respectively, related to equity investments at fair value through other comprehensive income held on the years then ended, were recognized.

The Company owns 32.96% common shares outstanding of its parent company, Hua Eng Wire & Cable Co., Ltd. (Hua Eng), for finance management, wherein Hua Eng deemed such shares as treasury stock.

The amount of cash refunded from capital reduction of Global Corporation in 2020 was \$5,180.

No strategic investments were disposed of as of December 31, 2021 and 2020, and there were no transfers of any cumulative gain or loss within equity relating to these investments.

For market risk information, please refer to note 6(v).

The Company did not provide above financial assets at fair value through other comprehensive income as collateral or restricted.

(d) Notes and accounts receivable (Including related and non-related parties)

	December 31, 2021	December 31, 2020
Notes receivable from operating activities	\$ 4,841	2,246
Accounts receivable (including related parties) — measured at amortized cost	296,908	162,160
Accounts receivable — measured at fair value through other comprehensive income	17,050	12,811
Less: Loss allowance	-	-
	<b>\$ 318,799</b>	<b>177,217</b>
Classified as:		
Notes receivable	\$ 4,841	2,246
Accounts receivable	313,958	174,500
Accounts receivable from related parties	-	471
	<b>\$ 318,799</b>	<b>177,217</b>

The Company has assessed a portion of its accounts receivable that was held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; therefore, such accounts receivable was measured at fair value through other comprehensive income.

The Company applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowance provision was determined as follows:

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**Notes to the Financial Statements**

	<b>December 31, 2021</b>		
	<b>Gross carrying amount of notes and accounts receivable</b>	<b>Weighted-avera ge loss rate</b>	<b>Loss allowance provision</b>
Non-overdue	\$ 318,799	-	-
Overdue	-	-	-
	<b>\$ 318,799</b>		<b>-</b>

	<b>December 31, 2020</b>		
	<b>Gross carrying amount of notes and accounts receivable</b>	<b>Weighted- average loss rate</b>	<b>Loss allowance provision</b>
Non-overdue	\$ 177,217	-	-
Overdue	-	-	-
	<b>\$ 177,217</b>		<b>-</b>

The movement in the allowance for notes and accounts receivable were as follows:

	<b>2021</b>	<b>2020</b>
Balance at January 1 (Balance at December 31)	<b>\$ -</b>	<b>-</b>

The Company did not provide notes and accounts receivable as collateral or restricted.

For further credit risk information, please refer to note 6(v).

The Company entered into separate factoring agreements with different financial institutions to sell its accounts receivable. Under the agreements, the financial institution is required to bear the credit risk of un-collection of accounts receivable due to any non-business dispute or financial difficulty. The Company derecognized the above accounts receivable because it has transferred substantially all of the risks and rewards of their ownership, and it does not have any continuing involvement in them. The amounts receivable from the financial institutions were recognized as other receivables upon the derecognition of those accounts receivable. The Company sold its accounts receivable without recourse as follows:

<b>December 31, 2021</b>						
<b>Purchaser</b>	<b>Amount derecognized</b>	<b>Amount advanced</b>		<b>Balance of factoring accounts receivable</b>	<b>Range of interest rate</b>	<b>Significant transferring terms</b>
		<b>Unpaid</b>	<b>paid</b>			
Taishin Bank	\$ 46,859	42,173	23,166	23,693	0.75%~0.80%	None
CTBC Bank	27,720	24,948	24,948	2,772	0.62%~0.71%	None
CTBC Bank	3,886	3,498	-	3,886	-	None
	<b>\$ 78,465</b>		<b>48,114</b>	<b>30,351</b>		

**FIRST COPPER TECHNOLOGY CO., LTD.**

**Notes to the Financial Statements**

December 31, 2020

Purchaser	Amount derecognized	Amount advanced		Balance of factoring accounts receivable	Range of interest rate	Significant transferring terms
		Unpaid	paid			
Taishin Bank	\$ 10,624	9,561	7,027	3,597	0.86%~0.93%	None
CTBC Bank	22,664	20,398	20,398	2,266	0.93%	None
CTBC Bank	2,162	1,946	-	2,162	-	None
	<u>\$ 35,450</u>	<u>27,425</u>		<u>8,025</u>		

(e) Other receivables (including refundable deposits)

	December 31, 2021	December 31, 2020
Other receivables - factoring accounts receivable	\$ 30,351	8,025
Other receivables - remuneration of directors	1,882	-
Other receivables - others	14	4
Refundable deposits	7	7
Less: Loss allowance	-	-
	<u>\$ 32,254</u>	<u>8,036</u>
Classified as:		
Other receivables	\$ 32,247	8,029
Refundable deposits	7	7
	<u>\$ 32,254</u>	<u>8,036</u>

For further credit risk information, please refer to note 6(v).

(f) Inventories

	December 31, 2021	December 31, 2020
Finished goods	\$ 253,357	147,935
Work in progress	722,442	576,726
Raw materials and supplies	687,412	406,701
Inventory in transit	53,886	167,630
	<u>\$ 1,717,097</u>	<u>1,298,992</u>

The details of the cost of sales were as follows:

	2021	2020
Inventory that has been sold	\$ 2,842,880	2,251,711
Write- down of inventories (reversal of write-down)	3,693	(25,088)
Unallocated production overheads	56,167	59,300
Others	(6,249)	(4,166)
	<u>\$ 2,896,491</u>	<u>2,281,757</u>

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

The reversal of write-downs of inventories in 2020 was due to the increase in copper price which resulted in a decrease of \$25,088, in operating costs in statement of comprehensive income.

The Company did not provide any inventories as collateral or restricted.

(g) Investments accounted for using equity method

A summary of the Company's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2021	December 31, 2020
Associates	\$ 142	98

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2021	December 31, 2020
Carrying amount of individually insignificant associates' equity	\$ 142	98
	<b>2021</b>	<b>2020</b>
Attributable to the Company:		
Profit from continuing operations	\$ 46	1
Other comprehensive income	(2)	-
Total comprehensive income	\$ 44	1

The Company did not provide any investments accounted for using the equity method as collateral for its loans.

(h) Property, plant and equipment

The Cost and depreciation of the property, plant and equipment of the Company were as follows:

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and testing equipment	Total
Cost or deemed cost:						
Balance at January 1, 2021	\$ 515,430	376,524	3,448,233	30,577	165,403	4,536,167
Additions	-	1,383	30,459	3,506	71,466	106,814
Reclassifications	-	298	235,271	-	(235,569)	-
Disposals	-	-	(122,558)	(413)	-	(122,971)
Balance at December 31, 2021	\$ 515,430	378,205	3,591,405	33,670	1,300	4,520,010
Balance at January 1, 2020	\$ 515,430	356,939	3,404,077	30,258	21,096	4,327,800
Additions	-	4,762	28,139	550	183,417	216,868
Reclassifications	-	14,823	24,287	-	(39,110)	-
Disposals	-	-	(8,270)	(231)	-	(8,501)
Balance at December 31, 2020	\$ 515,430	376,524	3,448,233	30,577	165,403	4,536,167

**FIRST COPPER TECHNOLOGY CO., LTD.**

**Notes to the Financial Statements**

	Land	Buildings	Machinery and equipment	Other equipment	Construction in progress and testing equipment	Total
Depreciation:						
Balance at January 1, 2021	\$ -	282,316	3,198,584	28,119	-	3,509,019
Depreciation	-	10,092	55,493	1,137	-	66,722
Disposals	-	-	(122,491)	(413)	-	(122,904)
Balance at December 31, 2021	<u>\$ -</u>	<u>292,408</u>	<u>3,131,586</u>	<u>28,843</u>	<u>-</u>	<u>3,452,837</u>
Balance at January 1, 2020	\$ -	272,757	3,155,827	27,356	-	3,455,940
Depreciation	-	9,559	51,027	994	-	61,580
Disposals	-	-	(8,270)	(231)	-	(8,501)
Balance at December 31, 2020	<u>\$ -</u>	<u>282,316</u>	<u>3,198,584</u>	<u>28,119</u>	<u>-</u>	<u>3,509,019</u>
Carrying amounts:						
Balance at December 31, 2021	<u>\$ 515,430</u>	<u>85,797</u>	<u>459,819</u>	<u>4,827</u>	<u>1,300</u>	<u>1,067,173</u>
Balance at January 1, 2020	<u>\$ 515,430</u>	<u>84,182</u>	<u>248,250</u>	<u>2,902</u>	<u>21,096</u>	<u>871,860</u>
Balance at December 31, 2020	<u>\$ 515,430</u>	<u>94,208</u>	<u>249,649</u>	<u>2,458</u>	<u>165,403</u>	<u>1,027,148</u>

The property, plant and equipment of the Company has not been pledged as collateral or restricted.

For the gains or losses on disposal of the property, plant and equipment, please refer to note 6(u).

(i) Investment property

The details of investment property were as follows:

	<u>Owned property</u>		
	<u>Land and im provements</u>	<u>Building and other</u>	<u>Total</u>
Cost or deemed cost:			
Balance at January 1, 2021	<u>\$ 174,801</u>	<u>92,045</u>	<u>266,846</u>
Balance at December 31, 2021	<u>\$ 174,801</u>	<u>92,045</u>	<u>266,846</u>
Balance at January 1, 2020	<u>\$ 174,801</u>	<u>92,045</u>	<u>266,846</u>
Balance at December 31, 2020	<u>\$ 174,801</u>	<u>92,045</u>	<u>266,846</u>
Depreciation:			
Balance at January 1, 2021	\$ -	38,006	38,006
Depreciation for the year	-	3,228	3,228
Balance at December 31, 2021	<u>\$ -</u>	<u>41,234</u>	<u>41,234</u>
Balance at January 1, 2020	\$ -	34,735	34,735
Depreciation for the year	-	3,271	3,271
Balance at December 31, 2020	<u>\$ -</u>	<u>38,006</u>	<u>38,006</u>
Carrying amount:			
Balance at December 31, 2021	<u>\$ 174,801</u>	<u>50,811</u>	<u>225,612</u>
Balance at January 1, 2020	<u>\$ 174,801</u>	<u>57,310</u>	<u>232,111</u>
Balance at December 31, 2020	<u>\$ 174,801</u>	<u>54,039</u>	<u>228,840</u>
Fair value:			
Balance at December 31, 2021			<u>\$ 736,446</u>
Balance at December 31, 2020			<u>\$ 611,120</u>

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

Investment property are leased to third parties under operating leases, as well as properties that are owned by the Company.

The Company did not have any non-cancellable lease or contingent rental. For information about investment property leases, please refer to note 6(n).

As of December 31, 2021 and 2020, the fair value of the investment property was determined based on comparative method and cost method by the Company. The recurring fair value measurement for the investment properties based on the inputs of levels of fair value hierarchy in determining the fair value is classified to Level 3.

Investment property of the Company has not been pledged as collateral or restricted.

(j) Other current assets

Details of other current assets of the Company were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Prepaid expenses	\$ 629	477
Prepaid raw materials	1,912	39,375
Excess business tax paid	16,825	23,983
Right to the returned goods	12,369	8,445
Others	194	129
	<b>\$ 31,929</b>	<b>72,409</b>

(k) Short-term borrowings

Details of short-term borrowings of the Company were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Letters of credit	\$ 15,026	38,742
Unsecured loans	440,000	100,000
Total	<b>\$ 455,026</b>	<b>138,742</b>
Unused credit lines	<b>\$ 1,702,584</b>	<b>2,572,787</b>
Range of interest rates	<b>0.79%~1.05%</b>	<b>0.80%~1.05%</b>

The Company did not provide any assets as collateral for short-term borrowings.

Please refer to note 6(v) for exchange rate risk, interest rate risk, sensitive analysis and liquid risk of the financial liabilities of the Company.

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**Notes to the Financial Statements**

(l) Short-term notes and bills payable

Details of short-term notes and bills payable of the Company were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Commercial paper payable	<b>\$ 799,888</b>	<b>899,719</b>
Range of interest rates	<b>0.88%~0.89%</b>	<b>0.948%~0.95%</b>

The Company did not provide any assets as collateral for short-term notes and bills payable.

Unused credit lines for short-term notes and bills payable are combined in short-term borrowings, please refer to note 6(k).

(m) Other current liabilities

Details of other current liabilities of the Company were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Contract liabilities-advance receipts	\$ 65,525	10,698
Refund liabilities	14,967	9,698
Advance receipts	1,227	1,047
Temporary credits	308	2,135
Receipts under custody	-	3
Warranty provision	938	-
	<b>\$ 82,965</b>	<b>23,581</b>

The amount of refund liabilities was estimated based on the sales contracts, which entitle the customers to rights of return.

The movement of warranty provision was as follows:

	<b>2021</b>
Balance at January 1, 2021	\$ -
Provisions made during the year	938
Balance at December 31, 2021	<b>\$ 938</b>

The provision for warranties, which relates mainly to copper products and copper sold in 2021, is expected to be settled in the following year based on the estimates calculated using the historical warranty data associated with the Company.

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**Notes to the Financial Statements**

(n) Operating lease

The Company leases out its investment property. The Company has classified these leases as operating leases, because it does not transfer substantially all of risks and rewards incidental to the ownership of the assets. Please refer to note 6(i) sets out information about the operating leases of investment property.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date is as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Less than one year	\$ 14,729	4,190
One to two years	14,729	-
Two to three years	4,910	-
Total undiscounted lease payments	<b>\$ 34,368</b>	<b>4,190</b>

Rental income from investment property amounted to \$14,011 and \$12,573 in 2021 and 2020, is included in other income in the statements of comprehensive income. The direct expenses including repairs and maintenance arising from income-generating investment property amounted to \$2,414 and \$2,260 in 2021 and 2020, respectively, are included in other gains and losses in the statements of comprehensive income.

(o) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligation at present value and plan asset at fair value was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Present value of the defined benefit obligations	\$ 110,186	98,618
Fair value of plan assets	(100,094)	(103,089)
Net defined benefit liabilities (assets)	<b>\$ 10,092</b>	<b>(4,471)</b>

The Company makes defined benefit plan contributions to the labor pension fund account with Bank of Taiwan. Such accounts provide pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle retired employees to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

1) Composition of plan assets

The Company allocates its labor pension funds in accordance with the Labor Standards Law, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. According to the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum earnings of the funds will be no less than the earnings attainable from two-year time deposits, with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$100,094 as of December 31, 2020. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in present value of defined benefit obligations for the Company were as follows:

	<b>2021</b>	<b>2020</b>
Defined benefit obligations at January 1	\$ 98,618	119,333
Current service costs and interest	653	1,064
Remeasurement of the net defined benefit liabilities (assets) :		
-Actuarial loss (gain) arising from change in demographic assumptions	2,236	-
-Actuarial loss (gain) arising from change in financial assumptions	-	1,703
-Actuarial loss (gain) arising from experience adjustments	14,800	(6,728)
Benefits paid by the plan	(6,121)	(16,754)
Defined benefit obligations at December 31	<b>\$ 110,186</b>	<b>98,618</b>

3) Movements in the fair value of plan assets

The movements in the fair value of plan assets for the Company were as follows:

	<b>2021</b>	<b>2020</b>
Fair value of plan assets at January 1	\$ 103,089	111,671
Interest income	497	810
Remeasurements of the net defined benefit liabilities (assets) :		
-Return on plan assets (excluding interest income)	1,423	3,687
Contribution made	1,206	3,675
Benefits paid by the plan	(6,121)	(16,754)
Fair value of plan assets at December 31	<b>\$ 100,094</b>	<b>103,089</b>

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**Notes to the Financial Statements**

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Company were as follows:

	<b>2021</b>	<b>2020</b>
Current service costs	\$ 181	201
Net interest of net defined benefit liabilities (assets)	(25)	5
	<b>\$ 156</b>	<b>254</b>
Operating costs	\$ 138	221
Operating expenses	18	33
	<b>\$ 156</b>	<b>254</b>

5) Actuarial assumptions

The principal actuarial assumptions at the reporting date were as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Discount rate	0.500%	0.500%
Future salary increase rate	1.000%	1.000%

The expected allocation payment to be made by the Company to the defined benefit plans for the one-year period after the reporting date is \$8,640.

The weighted-average lifetime of the defined benefits plans is 9.09 years.

6) Sensitivity analysis

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	<b>Influences of defined benefit obligations</b>	
	<b>Increased</b>	<b>Decreased</b>
As of December 31, 2021		
Discount rate (Decreasing or increasing in 0.25%)	\$ (1,801)	1,850
Future salary increasing rate (Decreasing or increasing in 0.25%)	1,775	(1,736)
As of December 31, 2020		
Discount rate (Decreasing or increasing in 0.25%)	\$ (1,703)	1,753
Future salary increasing rate (Decreasing or increasing in 0.25%)	1,684	(1,644)

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### Notes to the Financial Statements

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2021 and 2020.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the labor pension personal account at the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Company allocates a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Company pension costs under the defined contribution method were \$6,246 and \$6,322 for 2021 and 2020, respectively. As of December 31, 2021 and 2020, the payables which had not been contributed to the Bureau of Labor Insurance were \$1,230 and \$1,115 respectively, and were recognized as other payables and notes payable in the balance sheets.

The pension costs of the defined contribution plans for the Company were as follows:

	2021	2020
Operating costs	\$ 5,710	5,787
Operating expenses	536	535
	<b>\$ 6,246</b>	<b>6,322</b>

(iii) Short-term benefit obligation

As of December 31, 2021 and 2020, the Company's short-term benefit liabilities for vacation were \$6,015 and \$5,765, respectively, and were recognized as other payables in the balance sheets.

(p) Income taxes

(i) The components of income tax expense were as follows:

	2021	2020
Current tax expense		
Current period	\$ 6,831	-
Deferred tax expense		
Origination and reversal of temporary differences and tax losses	52,764	3,340
Change in unrecognized deferred tax assets of deductible temporary differences and tax losses	(15,774)	(1,511)
	<b>\$ 43,821</b>	<b>1,829</b>
Income tax expense		

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**Notes to the Financial Statements**

No income tax was recognized directly in equity for 2021 and 2020.

The amounts of income tax expense (benefit) recognized in other comprehensive income for 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<b>\$ (3,122)</b>	<b>1,742</b>

Reconciliation of income tax expense and profit before income tax for 2021 and 2020 was as follows:

	<b>2021</b>	<b>2020</b>
Profit before income tax	\$ 466,496	81,039
Income tax using the Company's domestic tax rate	\$ 93,299	16,208
Unrealized gains on valuation of financial assets	(11,477)	(1,989)
Dividends income	(29,199)	(28,430)
Non-recognized tax losses	-	17,552
Changes in unrecognized temporary differences and tax losses	(15,774)	(1,511)
Income basic tax	6,831	-
Others	141	(1)
	<b>\$ 43,821</b>	<b>1,829</b>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets of the Company have not been recognized in respect of the following items:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
The carryforward of unused tax loss	<b>\$ 488,917</b>	<b>567,787</b>

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

The R.O.C Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. As of December 31, 2021, the information of the Company's unused tax losses for which no deferred tax assets were recognized are as follows:

<b>Year of loss</b>	<b>Unused tax loss</b>	<b>Year of expiry</b>
2016 (approved)	\$ 281,765	2026
2019 (approved)	207,152	2029
	<b>\$ 488,917</b>	

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

2) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2021 and 2020 were as follows:

	Adjustment of difference of useful life of PPE between financial and tax method	Defined benefit plans	Land value increment tax provision	Others	Total
<b>Deferred tax liabilities:</b>					
<b>Balance at January 1, 2021</b>	\$ -	914	264,866	108	265,888
Credit profit or loss	-	(914)	-	(108)	(1,022)
<b>Balance at December 31, 2021</b>	<u>\$ -</u>	<u>-</u>	<u>264,866</u>	<u>-</u>	<u>264,866</u>
<b>Balance at January 1, 2020</b>	\$ 178	-	264,866	269	265,313
Credit profit or loss	(178)	(828)	-	(161)	(1,167)
Debit other comprehensive income	-	1,742	-	-	1,742
<b>Balance at December 31, 2020</b>	<u>\$ -</u>	<u>914</u>	<u>264,866</u>	<u>108</u>	<u>265,888</u>
	<b>Allowance for inventories losses</b>	<b>Defined benefi t plans</b>	<b>Tax loss carry-for ward</b>	<b>Others</b>	<b>Total</b>
<b>Deferred tax assets:</b>					
<b>Balance at January 1, 2021</b>	\$ 658	-	39,969	11,381	52,008
Credit (debit) profit or loss	738	(1,124)	(39,969)	2,343	(38,012)
Credit other comprehensive income	-	3,122	-	-	3,122
<b>Balance at December 31, 2021</b>	<u>\$ 1,396</u>	<u>\$ 1,998</u>	<u>-</u>	<u>13,724</u>	<u>17,118</u>
<b>Balance at January 1, 2020</b>	\$ 5,675	\$ -	39,969	9,360	55,004
Credit (debit) profit or loss	(5,017)	-	-	2,021	(2,996)
<b>Balance at December 31, 2020</b>	<u>\$ 658</u>	<u>\$ -</u>	<u>39,969</u>	<u>11,381</u>	<u>52,008</u>

(iii) Assessment of tax

The Company's income tax returns for the years through 2019 were assessed by the tax authorities.

(q) Share capital and other equity

(i) Capital stock

As of December 31, 2021 and 2020, the authorized shares capital of the Company were \$3,596,222, comprising 359,622 thousand shares, with a par value \$10. All issued shares were paid up upon issuance.

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

#### (ii) Retained earnings

According to the Company's articles of incorporation, current-period earnings should first be used to settle all outstanding tax payables and accumulated deficit, and then 10% should be retained as legal reserve until the accumulated legal reserve equals the issued capital stock, and special reserve should be retained or reversed according to the Company's operating environment and statutory requirements. Thereafter, any remaining profit, together with any undistributed prior-period retained earnings, shall be distributed at the discretion of the board of directors and with the resolution to be approved during the stockholders' meeting.

The industry of operation of the Company still has good prospects. The Company will grasp the economic environment for sustainable operation and long-term development. When preparing the proposal for appropriation of net profit, the board of directors will follow a stable dividend policy, which will be based on the Company's expected profit in the future, and plan for operating capital, thereafter, a portion of net profit should be retained. Cash dividends should not be less than 10% of total dividends.

##### 1) Legal reserve

When the Company incurs no loss, it may, pursuant to a resolution approved during the shareholder's meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

##### 2) Special reserve

By choosing to apply exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards during the Company's first-time adoption of the IFRSs approved by the FSC, unrealized revaluation gains shall be reclassified as unappropriated retained earnings at the adoption date. In accordance with the FSC, an increase in retained earnings due to the first-time adoption of IFRSs shall be retained as a special reserve, and when the relevant assets are used, disposed of, or reclassified, this special reserve shall be reversed as distributable earnings proportionately. The carrying amount of special reserve amounted to \$231,751 on December 31, 2021 and 2020.

In accordance with the FSC, a portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special earnings reserve resulting from the first-time adoption of IFRS and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special earnings reserve (which does not qualify for earnings distribution) to account for cumulative changes other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2021 and 2020, the balance of special reserve were \$31,094 and \$420,744, respectively.

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**Notes to the Financial Statements**

3) Earnings distribution

Earnings distribution for 2020 was decided by the general meeting of shareholders held on August 27, 2021. The relevant dividend distributions to shareholders were as follows:

	<b>2020</b>
Dividends distributed to ordinary shareholders per share	
Cash	<b>\$ 0.80</b>

The Company recognized its 2019 incurred losses with the approval of the shareholders on June 11, 2020.

Earnings distribution for 2021 was proposed by the resolution adopted at the board meeting held on March 21, 2022. The relevant dividend distributions to shareholders was as follows:

	<b>2021</b>
Dividends distributed to ordinary shareholders per share	
Cash	<b>\$ 1</b>

Related information would be available at the Market Observation Post System website after the approval from the shareholders.

(iii) Other equity (net of tax)

	<b>Financial assets measured at fair value through other comprehensive income</b>
Balance at January 1, 2021	\$ 401,954
Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	1,772,793
Unrealized gains (losses) from receivables	47
Balance at December 31, 2021	<b>\$ 2,174,794</b>
Balance at January 1, 2020	\$ (383,014)
Unrealized gains (losses) from equity instruments measured at fair value through other comprehensive income	784,174
Unrealized gains (losses) from receivables	794
Balance at December 31, 2020	<b>\$ 401,954</b>

**FIRST COPPER TECHNOLOGY CO., LTD.**

**Notes to the Financial Statements**

(r) Earnings per share

The calculation of basic earnings per share and diluted earnings per share were as follows:

	<b>2021</b>	<b>2020</b>
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u>\$ 422,675</u>	<u>79,210</u>
Weighted-average number of common shares outstanding (shares in thousands)	<u>359,622</u>	<u>359,622</u>
Basic earnings per share (in dollars)	<u>\$ 1.18</u>	<u>0.22</u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of company (diluted)	<u>\$ 422,675</u>	<u>79,210</u>
Weighted-average number of common shares outstanding (shares in thousands)	359,622	359,622
Effect of dilutive potential ordinary shares	-	
Effect of employee compensation (shares in thousands)	<u>347</u>	<u>96</u>
Weighted-average number of common shares outstanding (shares in thousands) (diluted)	<u>359,969</u>	<u>359,718</u>
Diluted earnings per share (in dollars)	<u>\$ 1.17</u>	<u>0.22</u>

(s) Revenue from contracts with customers

(i) Disaggregation of revenue

	<b>2021</b>	<b>2020</b>
Primary geographical markets:		
Taiwan	\$ 1,778,916	1,272,478
Mainland China	840,174	571,617
Japan	259,115	204,574
Others	<u>340,599</u>	<u>211,927</u>
Total	<u>\$ 3,218,804</u>	<u>2,260,596</u>
Major products/services lines:		
Manufacture and sale of copper plate	\$ 3,056,431	1,991,311
Processing revenue	132,153	122,468
Others	<u>30,220</u>	<u>146,817</u>
Total	<u>\$ 3,218,804</u>	<u>2,260,596</u>

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**Notes to the Financial Statements**

(ii) Contract balances

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Notes and accounts receivable (including related parties)	\$ 318,799	177,217	154,488
Less: allowance for impairment	-	-	-
Total	<u>\$ 318,799</u>	<u>177,217</u>	<u>154,488</u>
Contract liabilities — advance sales receipts	<u>\$ 65,525</u>	<u>10,698</u>	<u>6,200</u>

For additional information on accounts receivable and allowance for impairment, please refer to note 6(d).

The amount of revenue which was recognized in the years ended December 31, 2021 and 2020, and included in the contract liability balance at January 1, 2021 and 2020 were \$10,698 and \$6,200, respectively.

The major change in the balance of contract liabilities is the difference between the time frame in the performance obligation to be satisfied and the payment to be received. Contract liabilities was recognized as advance receipts in other current liabilities.

(t) Remuneration to employees and directors

In accordance with the Articles of incorporation, the Company should contribute no less than 3% of the profit as employee remuneration and a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

For the years ended December 31, 2021 and 2020, the Company estimated its employee remuneration amounting to \$14,487 and \$2,519, respectively, and directors' remuneration amounting to \$1,932 and \$420, respectively. The estimated amounts mentioned above are calculated based on the net profit before tax, excluding the remuneration to employees and directors of each period, multiplied by the percentage of remuneration to employees and directors as specified in the Company's articles. These remunerations were expensed under operating costs or operating expenses during 2021 and 2020. If there are any subsequent adjustments to the actual remuneration amounts, the adjustment will be accounted for as changes in accounting estimates and will be reflected in profit or loss in the following year. If employee remuneration is distributed by shares, the numbers of shares should be calculated based on the closing price one day before the date of the board meeting. Related information would be available at the Market Observation Post System website.

The amounts, as stated in the financial statements, are identical to those of the actual distributions for 2021 and 2020.

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**Notes to the Financial Statements**

(u) Non-operating income and expenses

(i) Interest income

The details of interest income of the Company were as follow:

	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	<b>\$ 18</b>	<b>32</b>

(ii) Other income

The details of other income of the Company were as follows:

	<b>2021</b>	<b>2020</b>
Dividend income	\$ 145,995	143,653
Rental income	14,011	12,573
Revenue from sale of scrap	819	857
Compensation income	1,464	-
Directors' remuneration	2,480	1,011
Others	314	204
	<b>\$ 165,083</b>	<b>158,298</b>

(iii) Other gains and losses

The details of other gains and losses of the Company were as follows:

	<b>2021</b>	<b>2020</b>
Foreign exchange gains, net	\$ 281	2,332
Net gains of financial assets at fair value through profit and loss	57,385	9,944
Net gains on disposal of property, plant and equipment	1,762	394
Depreciation of investment property	(3,228)	(3,271)
Others	(4,648)	(3,017)
	<b>\$ 51,552</b>	<b>6,382</b>

(iv) Finance costs

The details of finance costs of the Company were as follows:

	<b>2021</b>	<b>2020</b>
Interest expenses		
Bank loans and short-term notes and bills payable	<b>\$ (6,616)</b>	<b>(7,771)</b>

**FIRST COPPER TECHNOLOGY CO., LTD.**

**Notes to the Financial Statements**

(v) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$ 83,067	220,944
Financial assets at fair value through other comprehensive income:		
Investment in equity instruments	4,630,117	2,857,324
Accounts receivable	17,050	12,811
Receivables-the distribution of remaining on liquidation	374	947
Subtotal	4,647,541	2,871,082
Financial assets measured at amortized cost:		
Cash and cash equivalents	153,821	77,189
Notes receivable, accounts receivable (including related parties), and other receivables	336,249	172,435
Refundable deposits	7	7
Subtotal	490,077	249,631
Total	<b>\$ 5,220,685</b>	<b>3,341,657</b>

2) Financial liabilities

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Financial liabilities measured at amortized cost:		
Short-term borrowings	\$ 455,026	138,742
Short-term notes and bills payable	799,888	899,719
Payables (including related parties)	222,638	160,040
Total	<b>\$ 1,477,552</b>	<b>1,198,501</b>

(ii) Credit risk

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

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### Notes to the Financial Statements

2) Concentration to credit risk

The cash is deposited in different financial institutions. The Company manages the credit risk exposure with each of these financial institutions and believes that cash do not have a significant credit risk concentration.

The major customers of the Company are centralized in the electronics components industry. As of December 31, 2021 and 2020, one customer accounted for 23.27% and 24.73% of the notes and accounts receivable, respectively, resulting in a concentration of credit risk.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(d). Other financial assets at amortized cost include other receivables and refundable deposits.

All of these other financial assets at amortized cost are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f). No impairment losses allowance were recognized or reversed for the years ended December 31, 2021 and 2020.

(iii) Liquidity Risk

Details of financial liabilities categorized by due dates were as follows. The amounts include estimated interest payments but exclude the impacts of netting agreements.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5 years</u>
<b>December 31, 2021</b>							
Non-derivative financial liabilities							
Bank loans	\$ 455,026	455,452	455,452	-	-	-	-
Short-term notes and bills payable	799,888	800,000	800,000	-	-	-	-
Notes payable	4,095	4,095	4,095	-	-	-	-
Accounts payable (including related parties)	126,686	126,686	126,686	-	-	-	-
Other payables	91,857	91,857	91,857	-	-	-	-
	<u>\$ 1,477,552</u>	<u>1,478,090</u>	<u>1,478,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Bank loans	\$ 138,742	138,941	138,941	-	-	-	-
Short-term notes and bills payable	899,719	900,000	900,000	-	-	-	-
Notes payable	2,778	2,778	2,778	-	-	-	-
Accounts payable (including related parties)	106,524	106,524	106,524	-	-	-	-
Other payables	50,738	50,738	50,738	-	-	-	-
	<u>\$ 1,198,501</u>	<u>1,198,981</u>	<u>1,198,981</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

The Company does not expect that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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### Notes to the Financial Statements

(iv) Foreign currency risk

1) Exposure to foreign currency risk

The Company's significant financial assets and liabilities exposed to foreign currency risk were as follows:

	December 31, 2021			December 31, 2020			
	Foreign cur rency	Exchange rate	TWD	Foreign cur rency	Exchange rate	TWD	
<u>Financial assets</u>							
<u>Monetary items</u>							
USD	\$	3,541	27.68	98,007	1,526	28.48	43,447
<u>Financial liabilities</u>							
<u>Monetary items</u>							
USD	\$	2	27.68	55	2,043	28.48	58,159
EUR		-	-	-	6	35.02	200

2) Sensitivity analysis

The foreign currency risk was mainly incurred from the translation of cash and cash equivalents, accounts receivable, other receivables, short-term borrowings, accounts payable, and other payables. As of December 31, 2021 and 2020, if the exchange rate of the NTD versus the USD and EUR had increased or decreased by 1%, given no changes in other factors, the impact was as follows:

	2021		2020	
	Depreciate 1% Increase in net profit after tax	Appreciate 1% Decrease in net profit after tax	Depreciate 1% Decrease in net loss after tax	Appreciate 1% Increase in net loss after tax
<b>\$</b>	<b>784</b>	<b>784</b>	<b>119</b>	<b>119</b>

The analysis is performed in the same basis for 2021 and 2020.

3) Exchange gains and losses from monetary items

The exchange gains (losses) (including realized and unrealized) that resulted from monetary were as follows:

	2021		2020	
	Exchange gains (losses)	Exchange gains (losses)	Exchange gains (losses)	Exchange gains (losses)
USD	\$	245	2,284	2,284
JPY		21	18	18
EUR		15	30	30
<b>\$</b>		<b>281</b>	<b>2,332</b>	<b>2,332</b>

(v) Interest rate analysis

Please refer to the notes on liquidity risk management and the interest rate exposure of the Company's financial liabilities.

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### Notes to the Financial Statements

The sensitivity analysis of interest was determined based on the interest rate of derivative and non-derivative instruments at the reporting date. The analysis of liabilities bearing floating interest rates was prepared based on the assumption that the outstanding amounts at the reporting date had existed for the whole year. Management adopted 0.25% as a reasonable change in interest rates, and therefore evaluated the impacts of 0.25% changes in interest rates.

If interest rates on borrowings had increased or decreased 0.25%, with all other variables held constant, the information was as follows:

2021		2020	
Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Decrease in net profit after tax	Increase in net profit after tax	Decrease in net loss after tax	Increase in net loss after tax
\$ 910	910	277	277

The impact was due to the floating interest rates of bank loans.

(vi) Equity securities prices risks

If the prices of equity securities change at reporting date, with all other variables held constant, the influences to other comprehensive income, were as follows:

Prices at reporting date	2021		2020	
	Other comprehensive income after tax	Net income	Other comprehensive income after tax	Net income
Increase by 1%	\$ 46,301	831	28,573	2,209
Decrease by 1%	\$ (46,301)	(831)	(28,573)	(2,209)

(vii) Fair value of financial instruments

1) Fair values of financial instruments

The fair value of financial assets at fair value through profit or loss and at fair value through other comprehensive income is measured on recurring basis. The carrying amount and fair value of the Company's financial assets and liabilities, including the information on fair value hierarchy were as follow; however, except as described in following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, disclosure of fair value information is not required:

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## Notes to the Financial Statements

	December 31, 2021				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 83,067</u>	83,067	-	-	83,067
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	\$ 4,630,117	4,630,117	-	-	4,630,117
Receivables-the distribution of remaining on liquidation	374	-	374	-	374
Accounts receivable	<u>17,050</u>	-	17,050	-	17,050
Total	<u>\$ 4,647,541</u>				

	December 31, 2020				
	Carrying amount	Fair Value			Total
		Level 1	Level 2	Level 3	
<b>Financial assets at fair value through profit or loss</b>					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	<u>\$ 220,944</u>	220,944	-	-	220,944
<b>Financial assets at fair value through other comprehensive income</b>					
Stocks listed on domestic markets	\$ 2,857,324	2,857,324	-	-	2,857,324
Receivables-the distribution of remaining on liquidation	947	-	947	-	947
Accounts receivable	<u>12,811</u>	-	12,811	-	12,811
Total	<u>\$ 2,871,082</u>				

2) Valuation techniques and assumptions used in fair value

Non-derivative instruments

If a financial instrument has a quoted price in an active market, the quoted price is used as fair value. Quoted prices of major stock exchange and quoted prices of government bonds are the basis for measuring the fair value of stocks listed on an exchange, stocks listed on the OTC, and debt instruments with quoted prices in an active market.

The fair values of the Company's listed securities, with standard terms and conditions, and traded in active markets, were determined by the quoted market prices.

Measurements of fair value of financial instruments without an active market are based on a valuation technique or quoted price from a competitor. Fair value measured by a valuation technique can be extrapolated from similar financial instruments, the discounted cash flow method, or other valuation technique including a model using observable market data at the reporting date.

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### Notes to the Financial Statements

The equity instruments of the Company do not have any quoted market price. The fair value of the equity instruments is determined based on the ratio of the quoted market price of the comparative listed Company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

- 3) Transfer between level 1 to level 3

There was no transfer between the fair value hierarchy levels for the years ended December 31, 2021 and 2020.

- 4) Movements of financial assets in level 3

	<b>Fair value through other comprehensive income</b>
	<b>Equity investment without an active market</b>
<b>Balance at January 1, 2020</b>	\$ 3,273
Recognized in other comprehensive income (loss)	2,060
Refund of capital reduction	(5,180)
Transfer to receivables	(153)
<b>Balance at December 31, 2020</b>	\$ -

The total gains (losses) were included in “unrealized gains and losses from financial assets at fair value through other comprehensive income”. The instrument was liquidated for company's dissolution in 2020.

(w) Financial risk management

(i) Overview

The Company have exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The Company's risk management objective, policies, and procedures, and the exposure risk arising from the aforementioned risks, are disclosed below. For more quantitative information, please refer to other notes of the financial statements.

(ii) Risk management framework

The board of directors has the overall responsibility for the establishment and oversight of the risk management framework.

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### **Notes to the Financial Statements**

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The board of directors oversees how the management complies in monitoring the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Internal auditors undertake both regular and ad hoc reviews of risk management controls and procedures and exception management, the results of which are reported to the board of directors.

#### (iii) Credit risk

The Company's credit risk is the risk of financial loss when a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from accounts receivable and bank deposit.

##### 1) Accounts receivable and other receivables

The Company's exposure credit risk is influenced by the individual characteristics of each customer. The Company continuously monitors the information concerning client credit risk factors, such as the default risk of the industries and countries in which the customers operate.

According to the credit policy, the Company has to evaluate the credit of each new customer before setting the payment and delivery terms. The evaluations include external credit ratings, if available, and bank references. The Company reviews credit limits periodically and required customers to pay in advance when the customers' credit ratings did not meet the benchmark.

If necessary, the Company also factors parts of accounts receivable to financial institutions without recourse to reduce the credit risk.

##### 2) Deposits and other financial assets

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks with good credit rating. The Company does not expect any counterparty above fails to meet its obligations. Hence, there is no significant credit risk arising from these counterparties.

#### (iv) Liquidity risk

Liquidity risk is the risk that the Company is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as much as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

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### Notes to the Financial Statements

As of December 31, 2021 and 2020, unused credit lines were amounted to \$1,702,584 and \$2,572,787, respectively.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

1) Currency risk

The Company is exposed to currency risk on sales, purchases and borrowings that are denominated in another currency. Functional currency is TWD. The currencies used in these transactions are the TWD, USD, JPY and EUR.

Generally, borrowings and purchasing are denominated in currencies that match the cash flows generated by the underlying operations of the Company, primarily the TWD, USD, JPY, and EUR. This provides an economic hedge without derivatives being entered into, and therefore, hedge accounting is not applied in these circumstances.

2) Interest risk

To reduce the exposure to interest rate risk, the choice of a floating interest rate or a fixed interest rate was based on the Company's evaluation of the global economic environment and the trend in market interest rates.

3) Market price risk of equity instruments

Part of the Company's equity securities are classified as financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. These assets are measured at fair value. Therefore, the Company will be exposed to the risk of changes in the value of the equity securities market.

(x) Capital management

The Company sets its objectives for managing capital to ensure its capacity to continue to operate, to continue to provide returns to its shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the dividend payment and reduce the capital for redistribution to its shareholders. The Company also issues new shares or sell assets to settle any liabilities.

The Company and other entities in the similar industry use the debt-to-equity ratio in calculating. The total net debt and divided by the total capital. The net debt from the balance sheet are derived from the total liabilities, less, cash and cash equivalents. The total capital and equity include share capital, capital surplus, retained earnings, other equity interest, plus, net debt.

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### Notes to the Financial Statements

In 2021, the Company's capital management strategy is consistent with the prior year. The Company's debt-to-equity ratio at the end of the reporting period as at December 31, 2021 and 2020 was as follows:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Total liabilities	\$ 1,843,815	1,489,692
Less: cash and cash equivalents	153,821	77,189
Net debt	1,689,994	1,412,503
Total equity	6,444,044	4,548,719
Capital after adjustment	<b>\$ 8,134,038</b>	<b>5,961,222</b>
Debt-to-equity ratio	20.78%	23.69%

- (y) Investing and financing activities not affecting current cash flow

Reconciliation of liabilities arising from financing activities of the Company were as follows:

	<b>January 1, 2021</b>	<b>Cash flows</b>	<b>Non-Cash change s Amortized interes t</b>	<b>December 31, 2021</b>
Short-term borrowings	\$ 138,742	316,284	-	455,026
Short-term notes and bills payable	899,719	(103,685)	3,854	799,888
Total liabilities from financing activities	<b>\$ 1,038,461</b>	<b>212,599</b>	<b>3,854</b>	<b>1,254,914</b>

	<b>January1, 2020</b>	<b>Cash flows</b>	<b>Non-cash changes Amortized interest</b>	<b>December 31, 2020</b>
Short-term borrowings	\$ 388,400	(249,658)	-	138,742
Short-term notes and bills payable	799,726	94,482	5,511	899,719
Guarantee deposit received (included in other payables)	1,080	(1,080)	-	-
Total liabilities from financing activities	<b>\$ 1,189,206</b>	<b>(156,256)</b>	<b>5,511</b>	<b>1,038,461</b>

#### (7) Related-party transactions

- (a) Parent company and ultimate controlling company

Hua Eng Wire & Cable Co., Ltd. is both the parent company and the ultimate controlling party of the Company. It owns 39.44% of common shares outstanding of the Company. The parent company has issued its consolidated financial statements available for public use.

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**Notes to the Financial Statements**

(b) Names and relationship with related parties

The followings are related parties that have had transactions with the Company during the periods covered in the financial statements:

<b>Name of related party</b>	<b>Relationship with the Company</b>
Hua Eng Wire & Cable Co., Ltd.	Parent Company
Taiwan Times Co., Ltd.	Controlled by key management personnel of the Company (Note)

Note: summarized as other related parties.

(c) Significant transactions with related parties

(i) Sales

The amounts of significant sales by the Company to related parties were as follows:

	<b>2021</b>	<b>2020</b>
Parent company	<b>\$ 8,071</b>	<b>5,104</b>

The transition condition for sale to the parent company could not be compared to those of the third-parties' sales. The selling price is based on the international price of relevant copper raw materials plus a certain percentage. The credit terms with the parent company is one month, and those of the third-parties are from one to three months. Receivables from related parties were not secured with collateral and no expected credit loss after assessment by the management.

(ii) Purchases

The amounts of significant purchases by the Company from related parties were as follows:

	<b>2021</b>	<b>2020</b>
Parent company	<b>\$ 69,016</b>	<b>35,103</b>

The transition condition for purchase to the parent company could not be compared to those of the third-parties' purchases. However, the payment terms for related parties were one month, and those with other vendors were one to three months.

(iii) Receivables from Related Parties

The receivables from related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Accounts receivable	Parent company	<b>\$ -</b>	<b>471</b>

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**Notes to the Financial Statements**

(iv) Payables to Related Parties

The payables to related parties were as follows:

<b>Account</b>	<b>Relationship</b>	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Accounts payable	Parent company	<b>\$ 4,991</b>	<b>10,921</b>

(v) Services from parent company

The Company engaged its parent company to provide management services and paid the fees every month. For the years ended December 31, 2021 and 2020, the management service fees amounted to \$19,200, and were included in operating expenses in the statements of comprehensive income. As of December 31, 2021 and 2020, payables from the above transaction had been settled in full.

(vi) Other

The Company leased office space from the parent company. The rental expenses were paid monthly. The price is decided by using the nearby office rental rates and negotiated each other. For the years ended December 31, 2021 and 2020, the rental expenses amounted to \$240 per year and were included in operating expenses in the statements of comprehensive income. As of December 31, 2021 and 2020, payables from the above transaction had been settled in full.

The amounts of advertising expense paid to other related parties amounted to \$100 in 2021, which was included in operating expenses in statements of comprehensive income. There was no transaction in 2020.

(d) Key management personnel compensation

Key management personnel compensation comprised:

	<b>2021</b>	<b>2020</b>
Short-term employee benefits	\$ 9,626	5,940
Post-employment benefits	152	152
Termination benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
	<b>\$ 9,778</b>	<b>6,092</b>

**(8) Pledged assets: None.**

**(9) Commitments and contingencies:**

Major commitments and contingencies were as follows:

(i) Unrecognized contingencies of contracts:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Acquisition of property, plant and equipment	<b>\$ 24,381</b>	<b>68,366</b>

**FIRST COPPER TECHNOLOGY CO., LTD.**

**Notes to the Financial Statements**

(ii) Unused standby letters of credit:

	<b>December 31, 2021</b>	<b>December 31, 2020</b>
Purchase of material	<b>\$ 530,137</b>	<b>88,859</b>

**(10) Losses due to major disasters: None.**

**(11) Subsequent Events: None.**

**(12) Other:**

A summary of employee benefits, depreciation, and amortization expenses, by function, were as follows:

By function By item	2021			2020		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Employee benefits						
Salary and wages	157,428	16,592	174,020	121,259	11,755	133,014
Labor and health insurance	14,407	1,060	15,467	13,638	1,027	14,665
Pension	5,848	554	6,402	6,008	568	6,576
Remuneration of directors	-	3,481	3,481	-	1,845	1,845
Others personnel costs	7,136	3,077	10,213	7,634	2,316	9,950
Depreciation	66,722	-	66,722	61,580	-	61,580
Amortization	-	-	-	-	-	-

The additional information of number of employees and employee benefits in 2021 and 2020 was as follows:

	<b>2021</b>	<b>2020</b>
Numbers of employees	<b>260</b>	<b>275</b>
Numbers of non-employee directors	<b>6</b>	<b>6</b>
Average employee benefits	<b>\$ 811</b>	<b>610</b>
Average employee salary	<b>\$ 685</b>	<b>494</b>
Adjustment of average employee salary	<b>38.55%</b>	
Remuneration to supervisor	-	-

The Company's salary and remuneration policy (including directors, supervisors' managers and employees) are as follows:

1. The remuneration to employees mainly includes salary (basic salary, meal allowance, special workplace allowance, etc.) year-end bonus, performance bonus, etc.
  - (i) The Company draws up the salary standards for employees based on market salary level, its operating conditions and organization structure. Furthermore, the salary will be properly adjusted depending on the market salary dynamics, changes in the overall economic and business conditions and government regulations.

## **FIRST COPPER TECHNOLOGY CO., LTD.**

### **Notes to the Financial Statements**

- (ii) The remuneration to employees is based on their education, professional knowledge and technique skills, experience and personal performance, without distinction of age, sex, race, religion, political inclination, marital status and union.
  - (iii) The bonus of employees is based on the operating conditions of the Company and individual personal performance.
  - (iv) The starting salary of the inexperience and foreign workers complied with the government regulations.
  - (v) In accordance with the Articles of incorporation, the Company should contribute no less than 3% of the profit as employee remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.
2. The managers' remuneration, including salary, addition pay, severance pay, various bonus, allowances, etc., is based on the business strategies and profitability of the Company, personal performance and contribution, as well as market salary level. Moreover, in accordance with the Articles of incorporation, the Company should contribute no less than 3% of the profit as employee remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.
3. The directors' remuneration received a monthly transportation allowance, as well as salary, various bonus, etc. Moreover, in accordance with the Articles of incorporation, the Company should contribute a maximum of 2% as directors' remuneration when there is profit for the year. However, if the Company has accumulated deficits, the profit should be reserved to offset the deficit.

**FIRST COPPER TECHNOLOGY CO., LTD.**  
**Notes to the Financial Statements**

**(13) Other disclosures**

(a) Information on significant transactions:

The following is the information on significant transactions required by the Regulations for the Company for the years ended December 31, 2021.

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: None.

(iii) Securities held as of December 31, 2021 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the Company	Account title	Ending balance				Note
				Units (shares)	Carrying value	Percentage of ownership (%)	Fair value	
The Company	Asia Pacific Telecom Co., Ltd. stock	The Company's parent company is a director of the investee	Current financial assets at fair value through profit or loss	10,105,441	83,067	0.23%	83,067	
The Company	Hua Eng Wire & Cable Co., Ltd. stock	The Company's parent company	Non-current financial assets at fair value through other comprehensive income	208,563,824	4,630,117	32.96%	4,630,117	

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

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**Notes to the Financial Statements**

(b) Information on investees:

The following is the information on investees for the year 2021 (excluding information on investees in Mainland China):

Name of investor	Name of investee	Location	Main Businesses and products	Original investment amount		Balance as of December 31, 2021			Net income (losses) of investee	share of profits / losses of investee	Note
				December 31, 2021	December 31, 2020	Shares	Percentage of ownership	Carrying value			
The Company	Hua Ho Engineering Co., Ltd.	Kaohsiung	Cable engineering	165	165	10,000	0.29%	142	15,615	46	Associates

(c) Information on investment in mainland China: None.

## FIRST COPPER TECHNOLOGY CO., LTD.

### Notes to the Financial Statements

(d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Hua Eng Wire & Cable Co., Ltd.		141,831,792	39.44%
Mr. Yu-Fa Wang		28,683,772	7.97%

Note: (1) The information on major shareholders, which is provided by the Taiwan Depository & Clearing Corporation, summarized the shareholders who held over 5% of the total nonphysical common stocks and preferred stocks (including treasury stocks) on the last business date of each quarter. The registered nonphysical stocks may be different from the capital stocks disclosed in the financial statement due to different calculations basis.

Note: (2) If the aforementioned data contained shares which were kept in trust by the shareholders, the data disclosed will be deemed as the settlor's separate account for the fund set by the trustee. As for the shareholder who reports its share equity as an insider and whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act and include its self owned shares and trusted shares, as well as the shares of the individuals who have power to decide how to allocate the trust assets. For the information on reported share equity of the insider, please refer to the Market Observation Post System.

#### (14) Segment information

(a) General Information

The Company has one reportable segment and is mainly engaged in single-product manufacturing and selling of copper. The accounting policies of the operating segments are the same as those described in note 4. The operating segment's profit of the Company uses the operating profit before income tax as the measurement and basis of performance evaluation.

(b) Product and service information

Revenue from the external customers of the Company were as follows:

<u>Production</u>	<u>2021</u>	<u>2020</u>
Copper plate	\$ 3,056,431	1,991,311
Processing revenue	132,153	122,468
Others	30,220	146,817
Total	<u>\$ 3,218,804</u>	<u>2,260,596</u>

(c) Geographic information

In presenting information on the basis of geography, revenue is based on the geographical location of customers and non-current assets are based on the geographical location of the assets.

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**Notes to the Financial Statements**

<b>Geographic information</b>	<b>2021</b>	<b>2020</b>
<b>Revenue from external customers:</b>		
Taiwan	\$ 1,778,916	1,272,478
Mainland China	840,174	571,617
Japan	259,115	204,574
Other countries	340,599	211,927
<b>Total</b>	<b><u>\$ 3,218,804</u></b>	<b><u>2,260,596</u></b>
<b>Non-current assets:</b>	<b>December 31,</b>	<b>December 31,</b>
	<b>2021</b>	<b>2020</b>
Taiwan	<b><u>\$ 1,303,141</u></b>	<b><u>1,268,776</u></b>

Non-current assets included property, plant and equipment, investment property and other assets, not including financial instruments, net defined benefit assets and deferred tax assets.

(d) Major customer's information

The sales to individual customers that constituted 10% or more of the Company's net sales were as follows:

<b>Customer</b>	<b>2021</b>	
	<b>Amount</b>	<b>% of net sales</b>
E	<b><u>\$ 326,378</u></b>	<b><u>10.14%</u></b>

The Company did not have the individual customers that constituted over 10% of the total revenue in the statements of comprehensive income in 2020.

First Copper Technology Co., Ltd.

Chairman: Liu Chung-Jen